U7475-2

January 9, 1987

DECEMBER 1986 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

GROWING UNCERTAINTY ABOUT PROSPECTS FOR DOMESTIC ECONOMY

- In the December 1986 survey, the Index of Consumer Sentiment was 89.1, down from 91.4 one month earlier, and 93.9 one year earlier. The Index is now at the lower boundary of the horizontal path that it has traced during the past four years. This sideward movement has been due to offsetting trends: the growing sense of uncertainty about the performance of the domestic economy, especially the outlook for employment, has been muted by continued strength in evaluations of personal finances and buying conditions.

- Among families with incomes of $30,000 or more, the Index stood at 98.7 in December 1986, just above the month earlier reading of 97.5, but well below the year earlier figure of 106.0. During the past six months, most of the decline has been concentrated among residents of the Northeast (91.8, down from 106.2); nonetheless, the Index level among residents of the Northeast was still higher at year end than among residents of any other region.

- By year end 1986, the news heard by consumers about ongoing economic developments was more unfavorable than anytime during the prior four years. Among all families, unfavorable developments were reported nearly three times as frequently as favorable developments (62 versus 22 percent). References to layoffs, persistent unemployment, and fewer job prospects, dominated the news consumers reported hearing—mentioned by 33 percent of all families, up from 20 percent one year earlier. Overall, for the first time since early 1983, more families thought that the economy had worsened rather than improved during the past year (45 versus 40 percent). And for the first time since 1980, more families in the December 1986 survey expected the economy to worsen rather than improve during the year ahead (22 versus 20 percent). Importantly, however, the majority continued to expect the performance of the economy to remain largely unchanged during the year ahead (56 percent).

- Although more families expected good rather than bad times financially in the economy as a whole during 1987 (45 versus 41 percent), when asked about the prospects over the next five years, the majority expected the reoccurrence of recession (50 versus 33 percent). During the year ahead, the national unemployment rate was expected to increase by 42 percent of all families, up from 34 percent in November and 30 percent in December 1985.

- Among all families, 43 percent reported that their financial situation had improved during the past year, unchanged from the month earlier reading, and just below the 46 percent recorded at year end 1985. Income increases were mentioned by 35 percent of all families in December, between the 34 percent recorded one month earlier and the 36 percent recorded one year earlier. Improvement in their financial situation during the year ahead was expected by 36 percent of all families in the December survey, up from 33 percent recorded both one month and one year earlier. Just 9 percent of all families expected their financial situation to worsen during 1987.

- Overall, by year end 1986 attitudes toward buying conditions had receded from the all-time peaks recorded at mid year, but nonetheless remained at very favorable levels. The decline

since mid year has been due to less favorable interest rate evaluations, while the continued underlying strength has been favorable perceptions of market prices.

- Favorable attitudes toward buying conditions for large household durables were held by 75 percent of all families in the December 1986 survey. While this represents a modest decline from the all-time peak of 81 percent recorded six months earlier, the year end 1986 figure remains higher than recorded in any prior year. Most of the decline since mid year can be traced to fewer mentions of interest rate reductions, falling to 18 from 31 percent. The maintenance of these very positive attitudes is based on favorable perceptions of market prices. The availability of price discounts was reported by 33 percent of all families in December. Although this was below the 42 percent recorded a year earlier, the proportion that complained about high prices fell by a similar amount—to 8 from 17 percent—leaving the net position unchanged.

- Buying conditions for homes were viewed favorably by 80 percent of all families in the December 1986 survey, just below the all-time peak of 86 percent recorded at mid year, but still higher than in any year prior to 1986. Favorable perceptions of current mortgage interest rates continued to dominate these attitudes, mentioned by 73 percent of all families in December 1986, down from a high of 83 percent recorded at mid year. Favorable references to current market prices for homes were made by 23 percent of all families in both the December 1986 and December 1985 surveys; the proportion of families that complained about high prices, however, declined during the past year to 8 from 13 percent.

- Favorable vehicle buying attitudes were reported by 64 percent of all families in the December 1986 survey, just above the 63 percent recorded in November, but substantially below the all-time record of 81 percent which accompanied the sharply reduced interest rates offered in September. The proportion of families that mentioned the availability of discounted interest rates fell to 45 percent in December from the September peak of 73 percent. Perceptions of market prices for vehicles remained favorable, not because of more frequent reports of price discounts—reported by 23 percent in December 1986, just below the 24 percent recorded one year earlier—but because of fewer complaints about high prices—falling to 15 from 20 percent during the past year.

• • •

The December 1986 survey indicates a growing sense of concern about prospects for the domestic economy. Although consumers do not expect the economy to slide into recession during 1987, neither do they expect a resurgence in economic growth. A stagnant domestic economy has meant that few consumers expect any improvement in the outlook for employment. Importantly, however, few consumers expect renewed rapid inflation to accompany rising unemployment, and thus the impact of these concerns has been muted. Although only small increases in personal incomes are expected, overall financial evaluations have remained favorable due to the continued expectations of low inflation rates. Consumers expect the sluggish domestic economy to continue to pressure sellers to offer discounts. These data indicate that consumer spending will remain at favorable levels during 1987, without showing growth over last year's levels.

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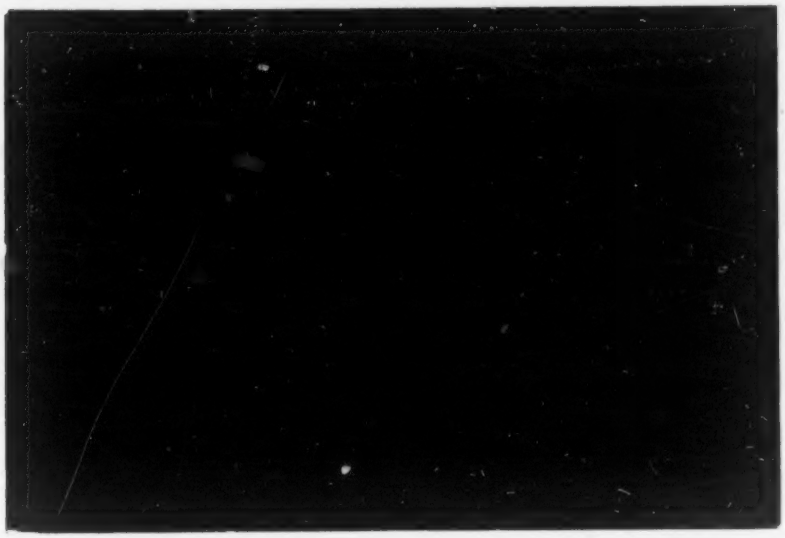
SURVEYS OF CONSUMER ATTITUDES



SURVEY RESEARCH CENTER
UNIVERSITY OF MICHIGAN

Institute for Social Research

TABLES AND CHARTS

JANUARY 1987

The January 1987 survey is the 222nd in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

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THE INDEX OF CONSUMER SENTIMENT

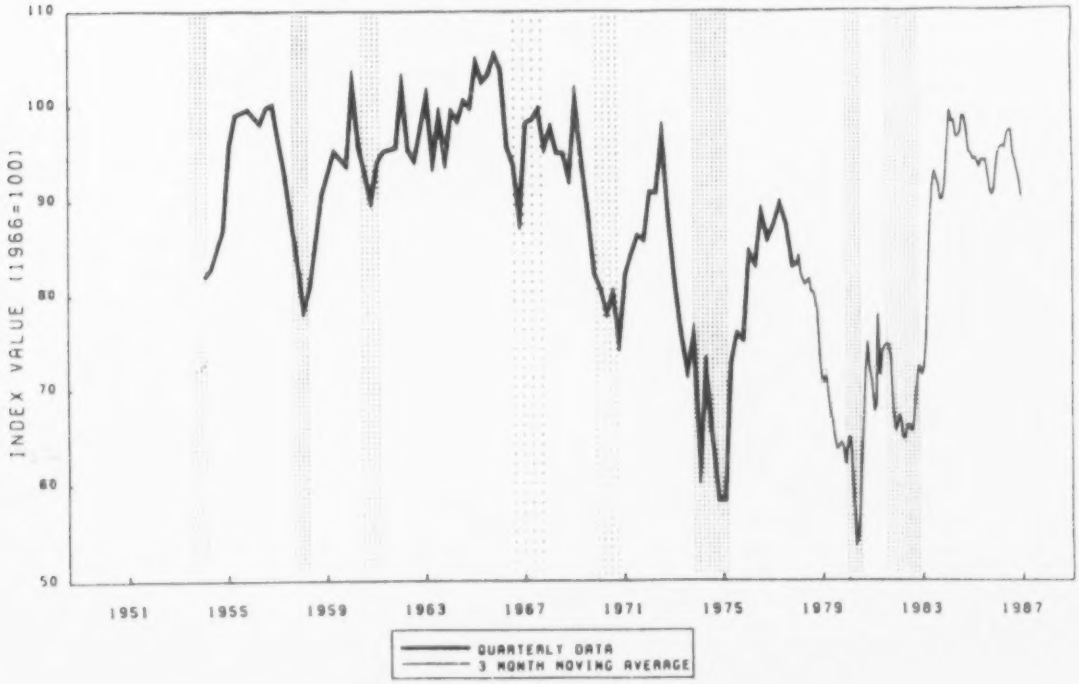


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over $30,000	Families with incomes over $40,000
January 1984	100.1	115.6	117.2
February 1984	97.4	114.3	116.8
March 1984	101.0	117.8	118.3
April 1984	96.1	107.0	107.8
May 1984	98.1	107.8	108.9
June 1984	95.5	105.5	108.6
July 1984	96.6	102.7	109.2
August 1984	99.1	113.3	116.4
September 1984	100.9	110.8	112.9
October 1984	96.3	113.5	114.8
November 1984	95.7	112.9	113.6
December 1984	92.9	101.5	101.7
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9
June 1986	99.3	110.6	112.4
July 1986	97.7	109.6	108.5
August 1986	94.9	105.0	106.6
September 1986	91.9	99.5	102.1
October 1986	95.6	102.8	105.5
November 1986	91.4	97.5	98.7
December 1986	89.1	98.7	98.3
January 1987	90.4	101.2	104.0

CHART 2A - HISTORICAL SERIES

INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

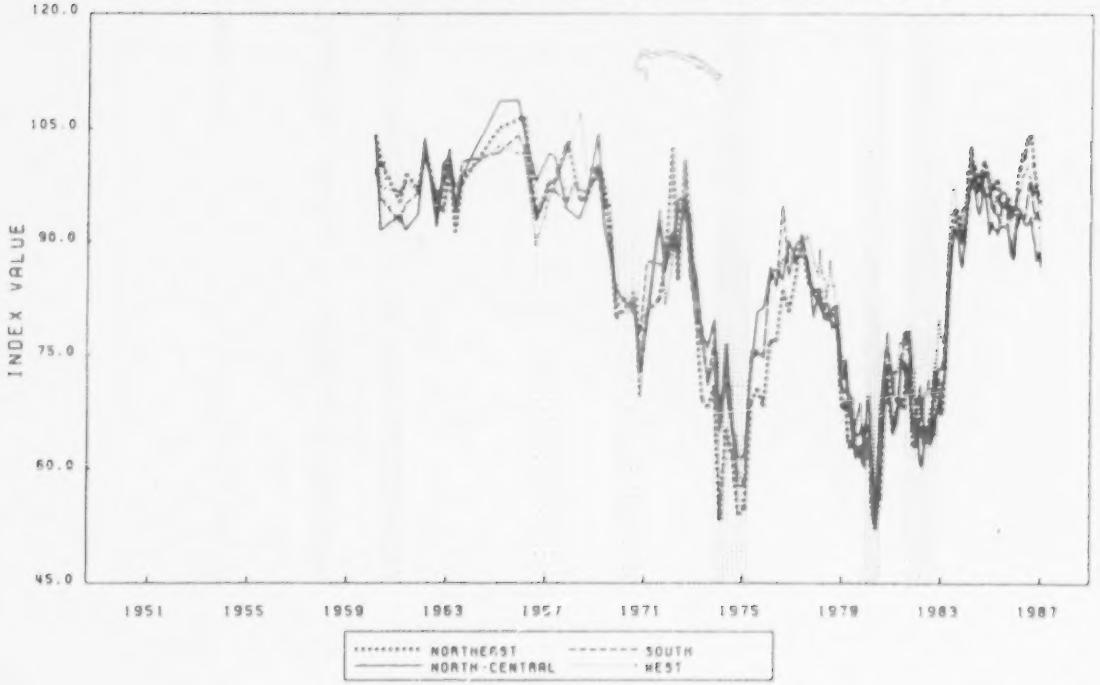


CHART 2B - HISTORICAL SERIES

INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

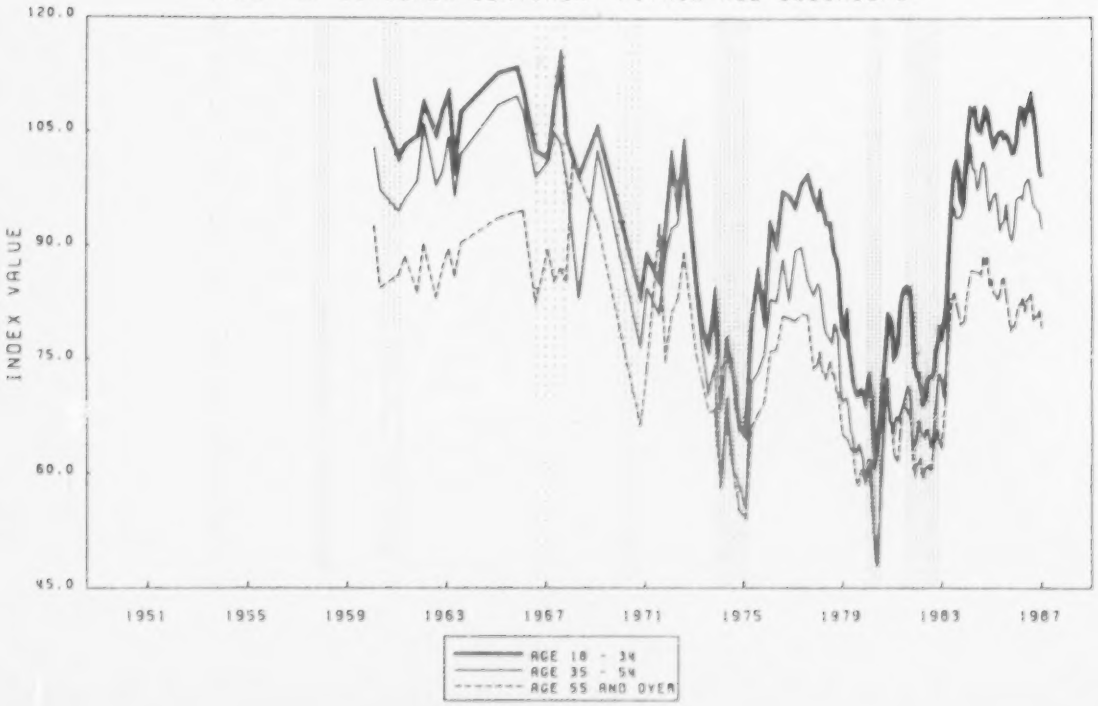


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY		CENSUS REGION				AGE OF RESPONDENT		
		North East	North Central	South	West	18-34	35-54	55+
January	1984	100.7	96.8	97.5	107.5	107.9	106.0	87.4
February	1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March	1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April	1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May	1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June	1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July	1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August	1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September	1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October	1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November	1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December	1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January	1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February	1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March	1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April	1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May	1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June	1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July	1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August	1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September	1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October	1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November	1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December	1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January	1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February	1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March	1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April	1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May	1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June	1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July	1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August	1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1
September	1986	94.6	87.0	91.9	95.8	106.3	92.4	76.1
October	1986	99.1	90.0	96.5	99.3	102.5	97.3	85.7
November	1986	95.8	85.6	93.2	92.3	99.5	94.2	80.4
December	1986	91.8	90.4	89.5	84.0	98.0	91.3	78.3
January	1987	98.1	85.9	96.0	83.9	99.9	91.2	78.4

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

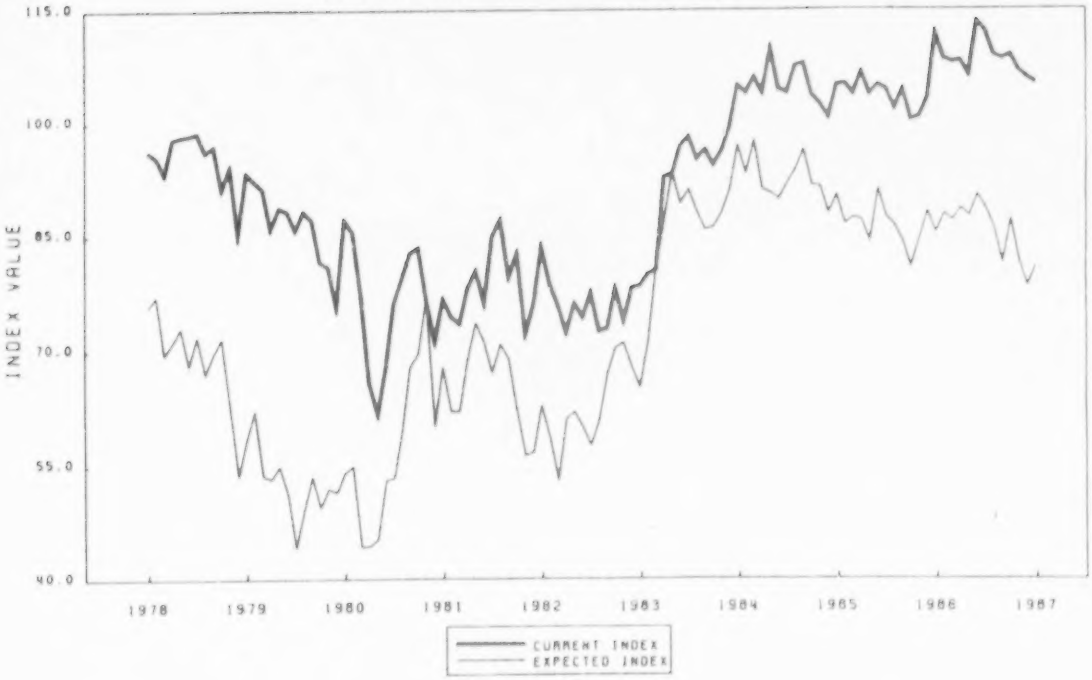


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

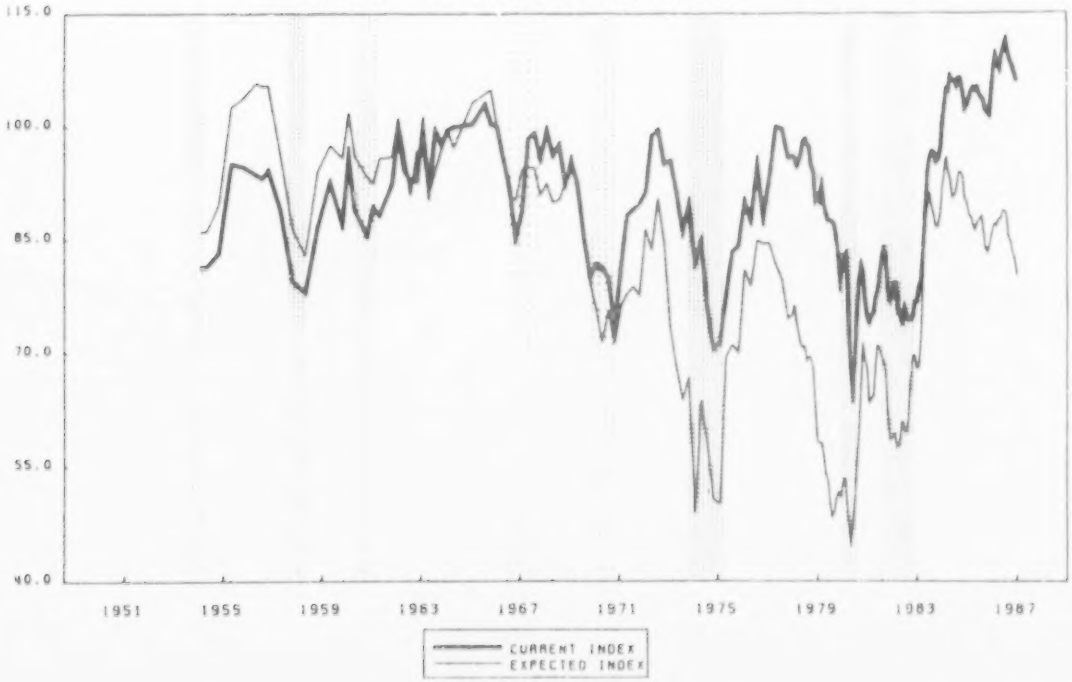


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY		INDEX COMPONENTS +						
		Personal finances		Business conditions				
		Current (1)	Expected (2)	12 months (3)	5 years (4)	Buying conds. (5)	Current Index (1,5)	Expected Index (2,3,4)
January	1984	117	129	154	108	155	104.9	97.0
February	1984	119	130	139	106	151	103.9	93.2
March	1984	122	135	146	113	153	106.0	97.7
April	1984	116	125	136	107	152	103.5	91.4
May	1984	121	129	131	105	164	109.8	90.6
June	1984	126	124	131	106	145	104.4	89.8
July	1984	117	124	133	113	152	103.9	91.9
August	1984	125	129	137	111	153	107.5	93.7
September	1984	125	131	142	116	154	107.8	96.4
October	1984	118	127	134	107	150	103.6	91.6
November	1984	121	129	132	107	144	102.4	91.5
December	1984	118	125	131	98	143	100.6	87.9
January	1985	119	124	135	104	153	104.9	90.3
February	1985	115	120	131	96	158	105.1	86.5
March	1985	112	123	133	96	156	103.7	87.3
April	1985	116	127	128	95	161	106.6	87.0
May	1985	116	120	121	97	152	103.7	84.2
June	1985	115	127	133	106	157	104.9	91.1
July	1985	116	124	129	98	154	104.3	87.4
August	1985	112	123	125	99	152	101.8	86.3
September	1985	116	124	118	96	155	104.3	84.2
October	1985	111	123	111	90	148	100.3	80.8
November	1985	111	124	120	96	150	100.7	84.5
December	1985	120	124	127	103	147	103.1	88.1
January	1986	122	123	126	93	168	111.8	85.3
February	1986	117	123	132	98	164	108.4	87.8
March	1986	120	124	129	96	160	107.9	86.9
April	1986	120	128	133	94	160	108.1	88.5
May	1986	117	129	131	92	158	106.2	87.5
June	1986	124	127	136	100	170	113.3	90.3
July	1986	126	130	131	94	165	112.1	88.5
August	1986	121	128	123	94	161	108.9	85.9
September	1986	120	127	115	84	161	108.3	81.3
October	1986	120	127	124	99	162	108.9	87.1
November	1986	121	121	120	87	155	106.7	81.6
December	1986	116	127	104	83	158	105.8	78.3
January	1987	120	130	117	77	152	105.1	80.9

(1) See Table 4.
(2) See Table 6.
(3) See Table 18.
(4) See Table 19.
(5) See Table 26.
+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

CHART 4 - HISTORICAL SERIES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

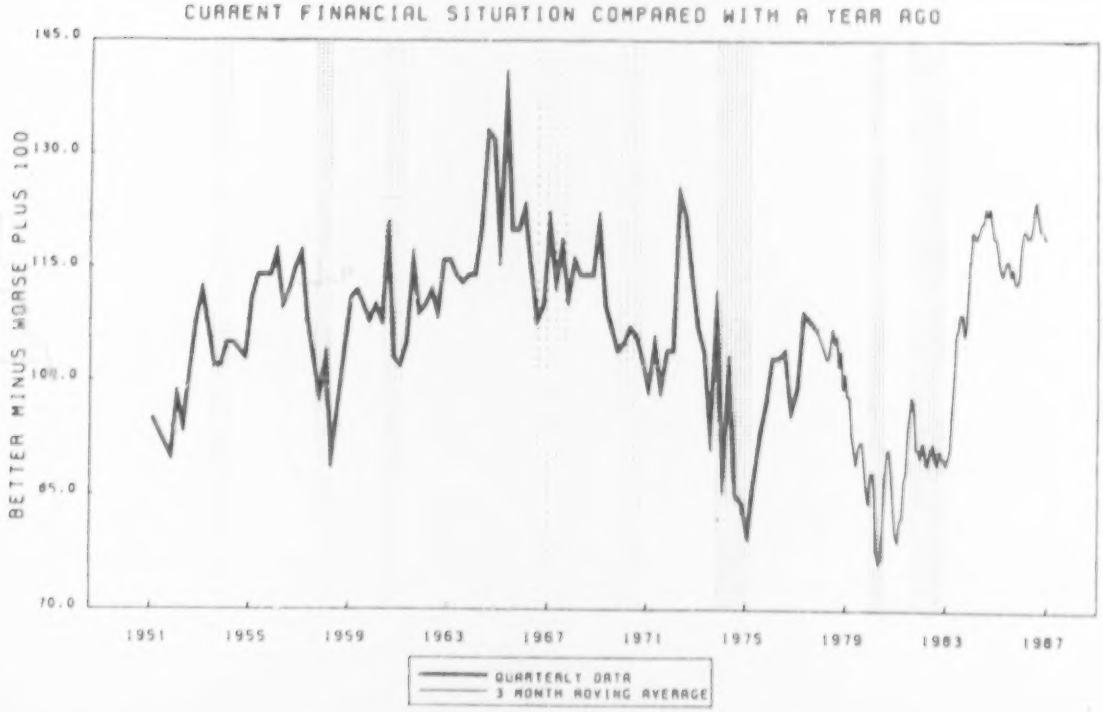


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
BETTER OFF	45%	44%	44%	45%	42%	47%	49%	46%	45%	44%	43%	43%	45%
SAME	32	29	32	30	33	29	28	28	30	32	35	30	29
WORSE OFF	23	27	24	25	25	23	23	25	25	24	22	27	25
DK,NA	*	*	*	*	*	1	*	1	*	*	*	*	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

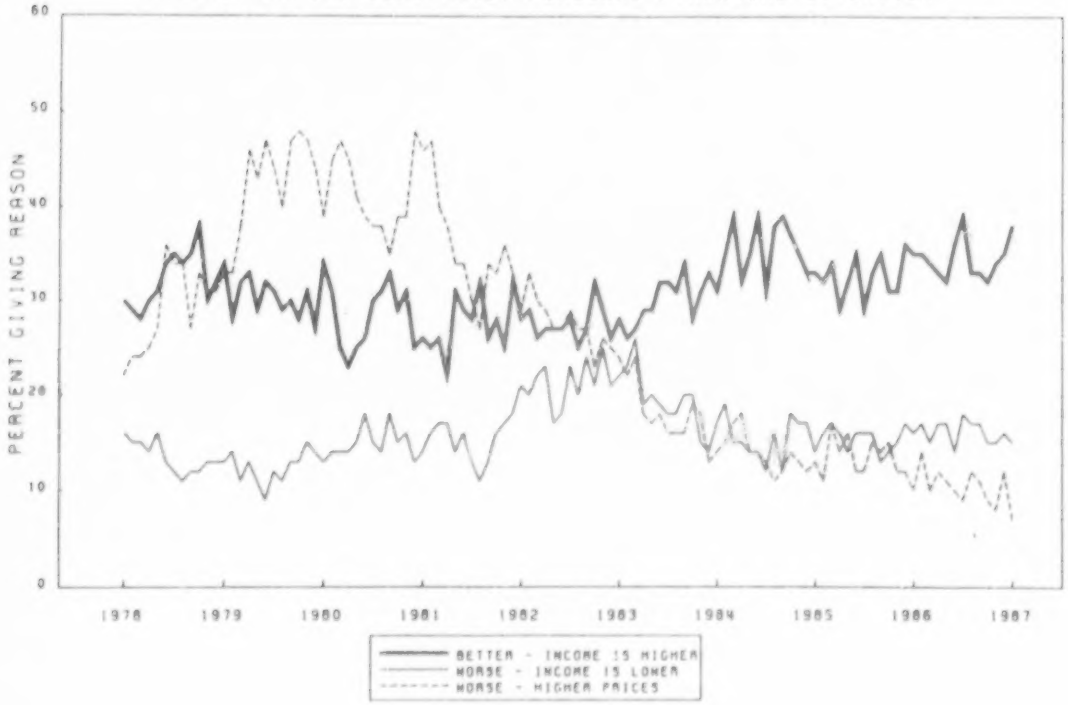


CHART 5 - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

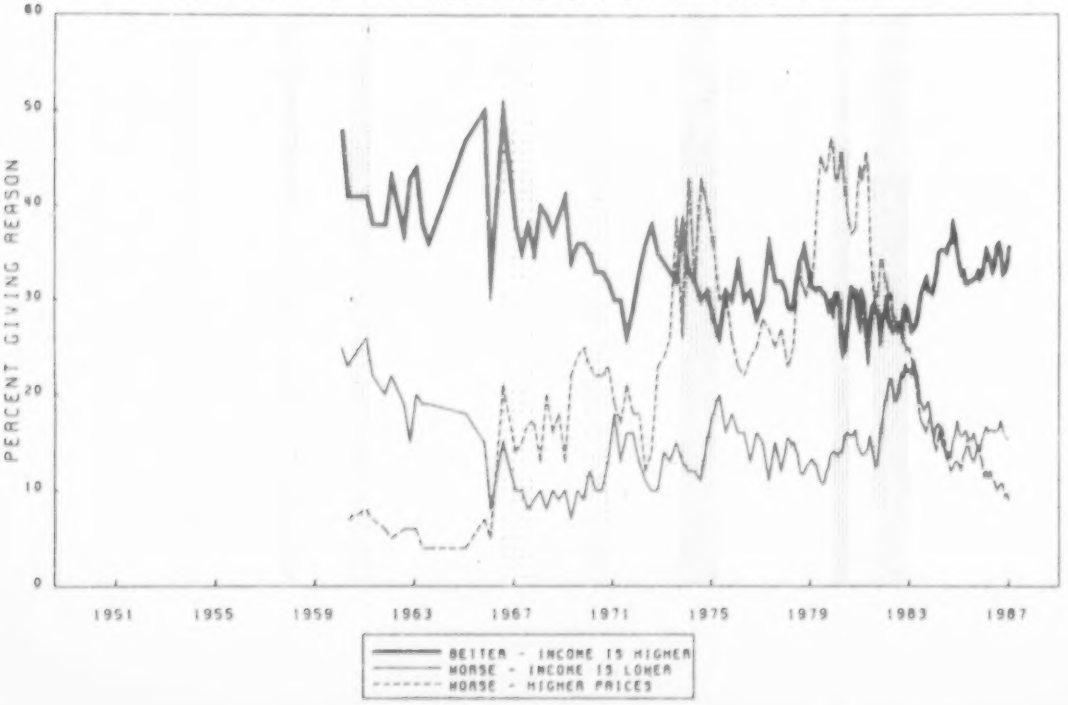


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
BETTER OFF THAN YEAR AGO:													
Income is higher	35%	35%	34%	33%	32%	36%	39%	33%	33%	32%	34%	35%	38%
WORSE OFF THAN YEAR AGO:													
Income is lower	16	17	15	17	17	14	18	17	17	15	15	16	15
Higher prices	10	14	10	12	11	10	9	12	11	9	8	12	7

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES

EXPECTED CHANGE IN FINANCIAL SITUATION

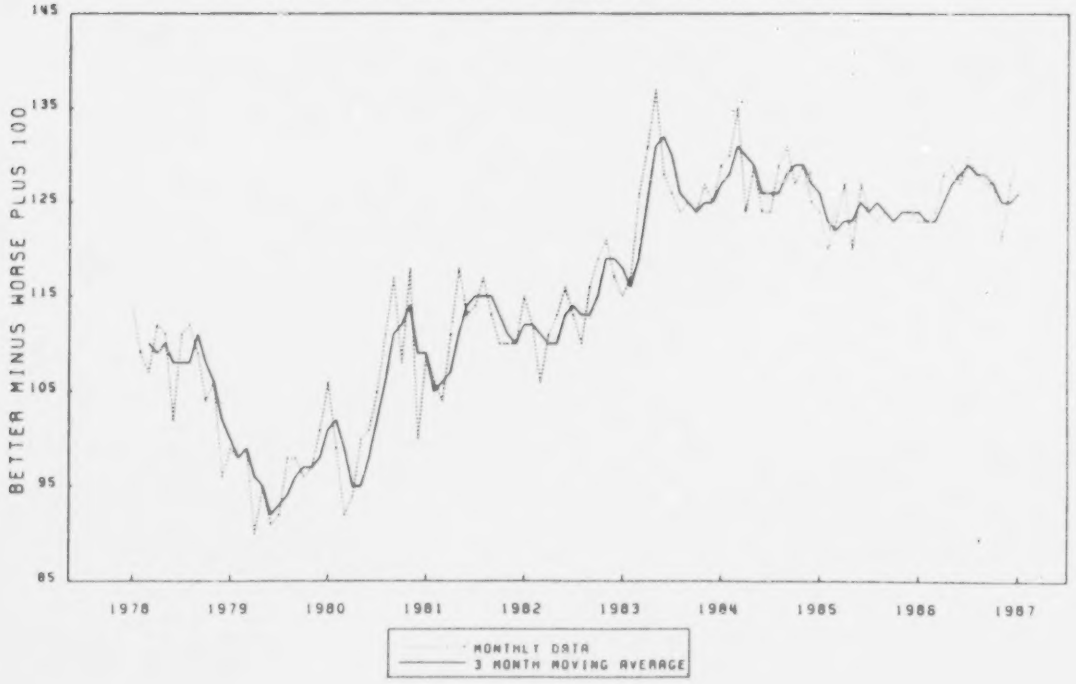


CHART 6 - HISTORICAL SERIES

EXPECTED CHANGE IN FINANCIAL SITUATION

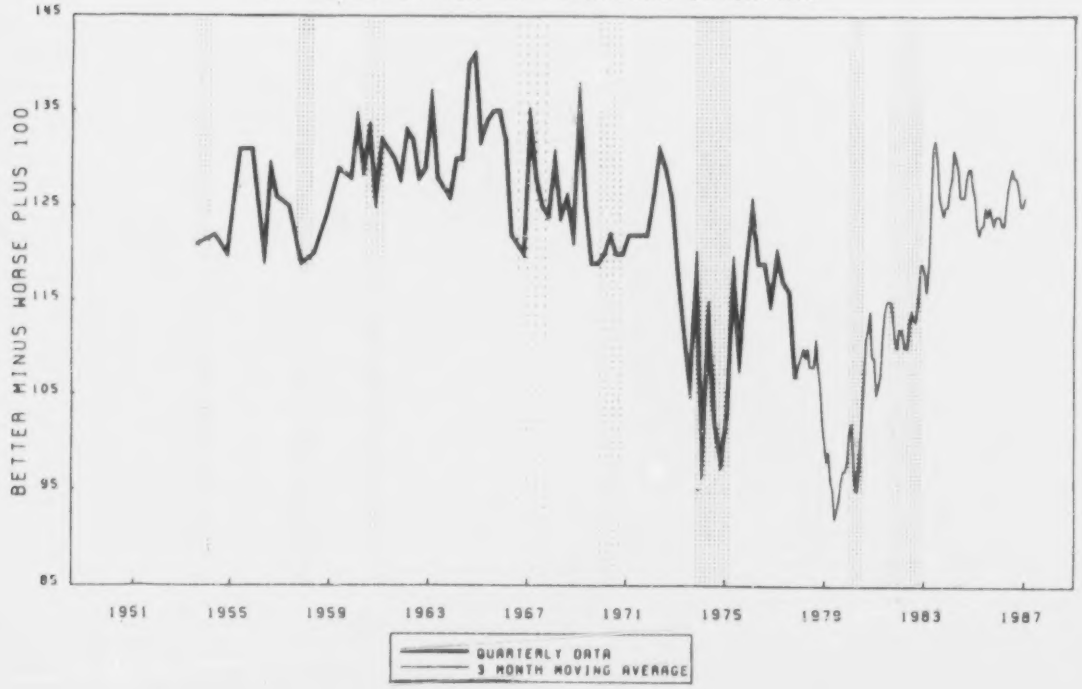


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
BETTER OFF	35%	35%	37%	38%	40%	38%	38%	39%	38%	37%	33%	36%	39%
SAME	50	50	47	49	47	49	52	48	47	51	52	52	48
WORSE OFF	12	12	13	10	11	11	8	11	11	10	12	9	9
DK,NA	3	3	3	3	2	2	2	2	4	2	3	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES

TREND IN PERSONAL FINANCIAL SITUATION

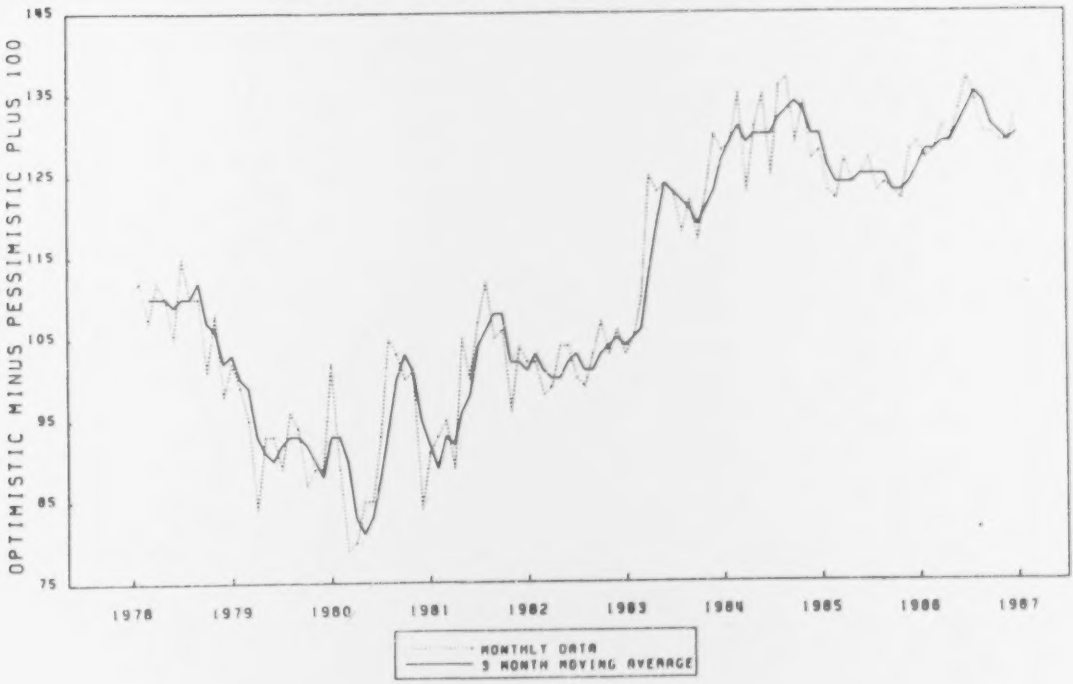


CHART 7 - HISTORICAL SERIES

TREND IN PERSONAL FINANCIAL SITUATION

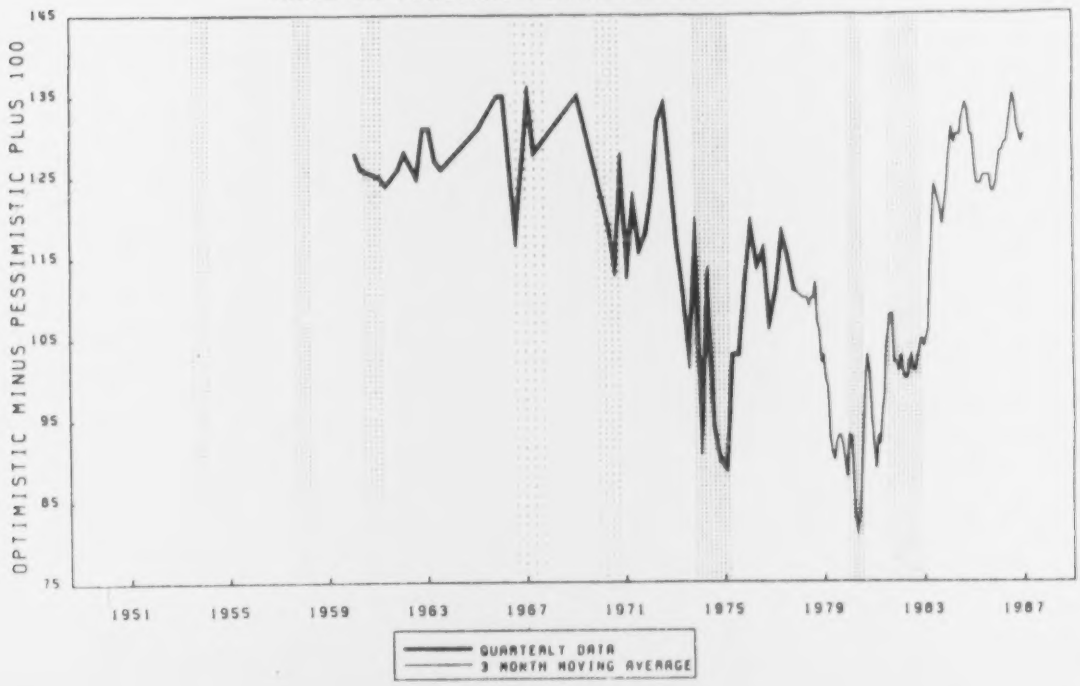


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	21%	20%	22%	23%	22%	22%	23%	21%	21%	22%	18%	18%	22%
Intermittant increase (b)	29	29	27	28	26	29	29	32	29	27	29	29	28
Remain unchanged (c)	18	16	18	16	19	18	19	15	16	19	22	19	17
Intermittant decline (d)	16	16	14	16	15	14	12	13	15	16	13	14	14
Continuous decline (e)	5	6	7	4	4	4	3	6	5	3	5	4	3
Mixed change (f)	9	11	9	10	11	11	11	11	10	11	10	13	12
DK,NA	2	2	3	3	3	2	3	2	4	2	3	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

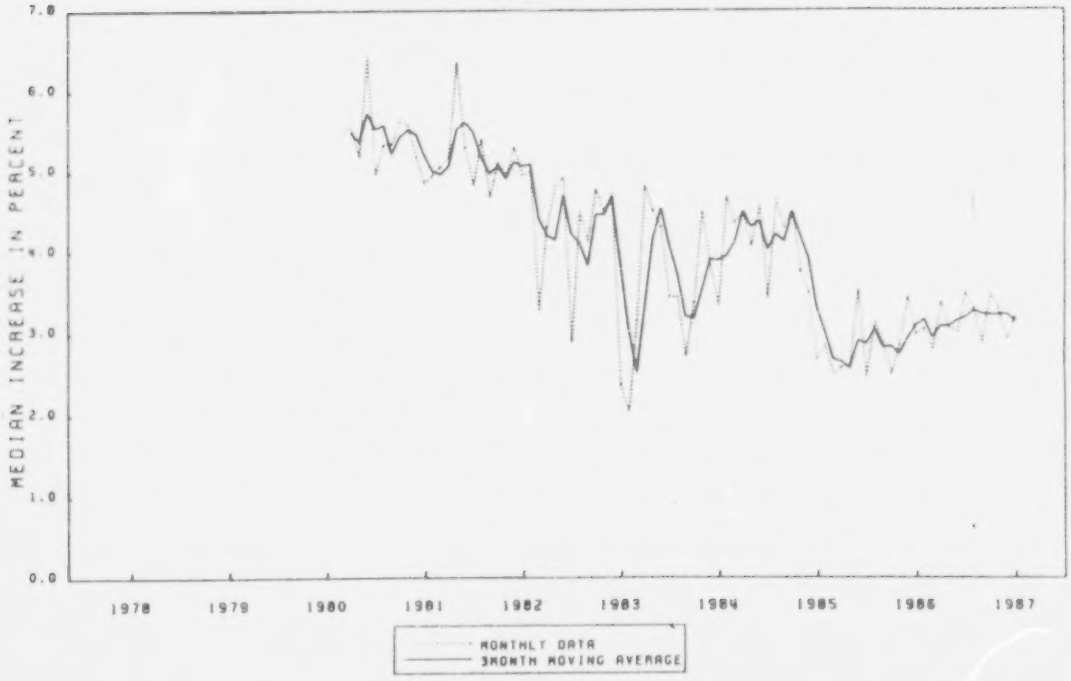


CHART 8 - HISTORICAL SERIES

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

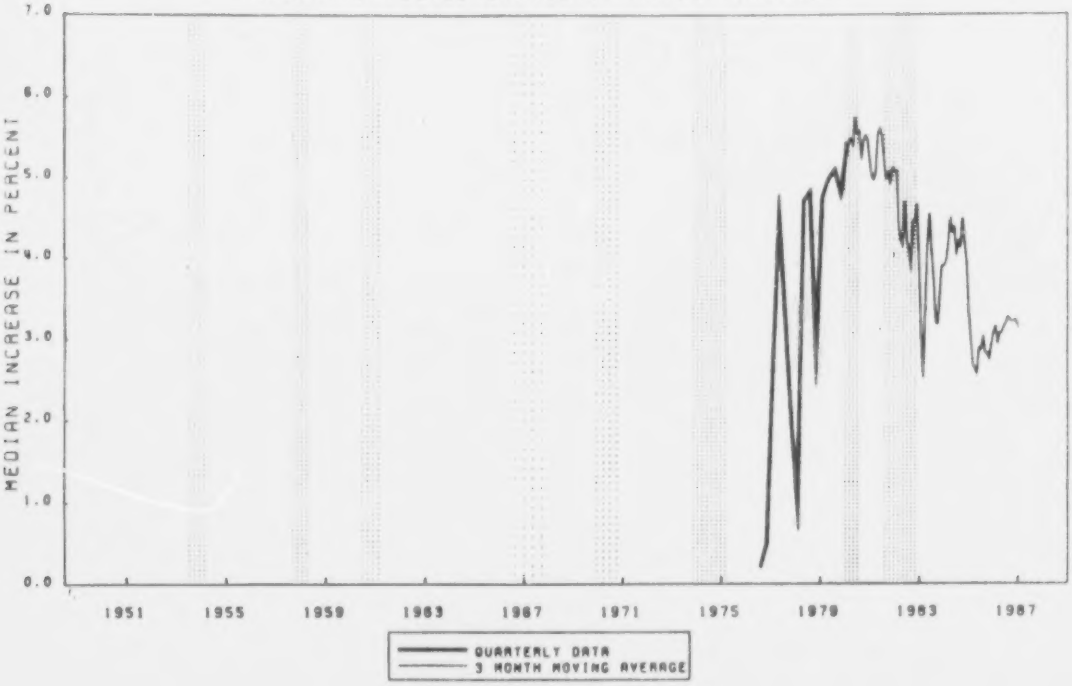


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
EXPECT INCREASE:													
1-4%	11%	17%	16%	13%	16%	15%	15%	16%	16%	14%	17%	18%	16%
5%	12	10	10	9	9	11	12	11	15	12	13	12	11
6-9%	7	8	6	8	10	8	8	7	7	6	9	8	8
10-24%	16	16	14	19	15	15	17	14	15	19	15	14	17
25% or more	7	6	7	7	6	7	8	9	4	7	6	6	6
DK how much up	4	3	4	3	3	3	4	5	3	3	4	4	4
EXPECT SAME	28	27	27	25	25	25	22	24	26	26	23	26	25
EXPECT DOWN	14	12	15	15	14	14	14	13	13	12	12	12	12
DK,NA	1	1	1	1	2	2	*	1	1	1	1	*	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES

INCOME OR PRICES UP MORE NEXT YEAR

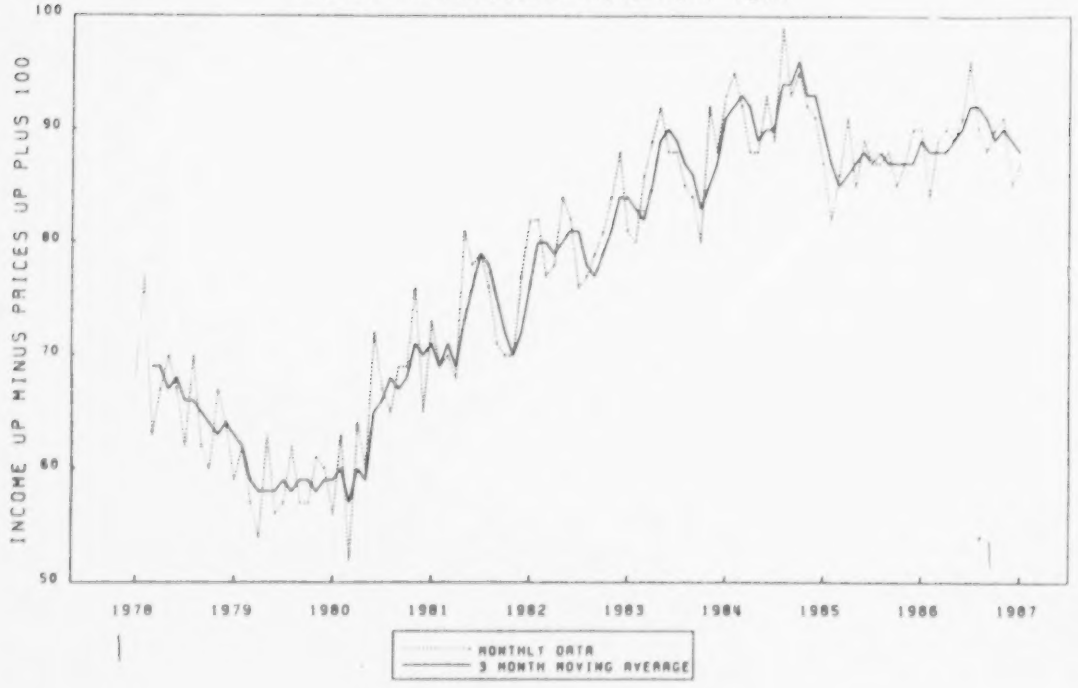


CHART 9 - HISTORICAL SERIES

INCOME OR PRICES UP MORE NEXT YEAR

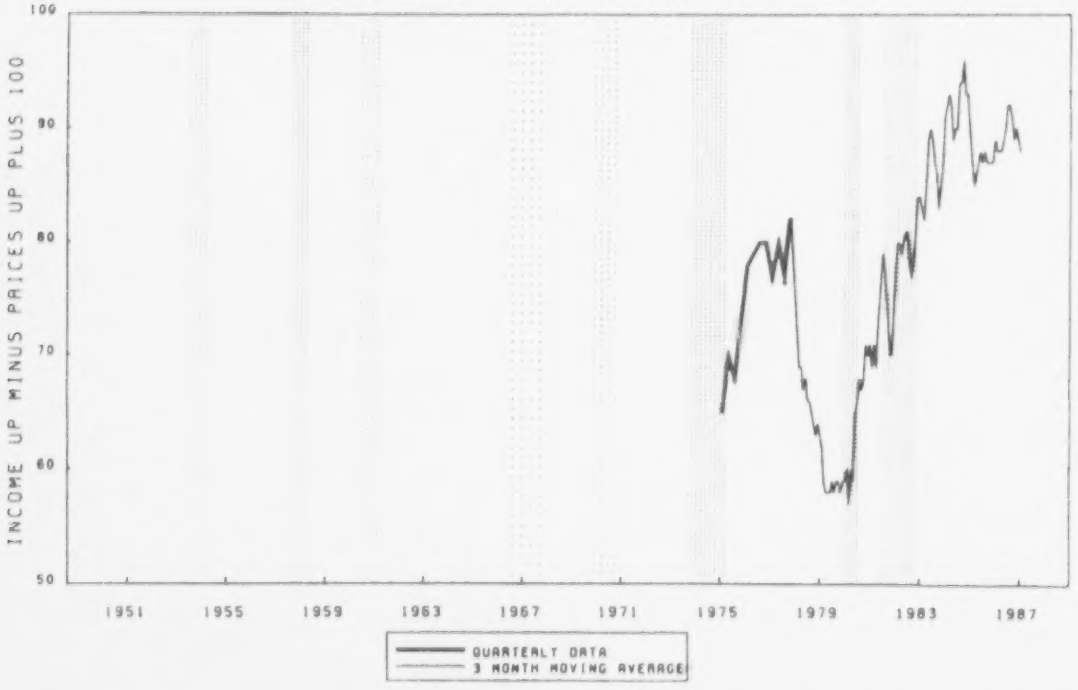


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
INCOME UP MORE	21%	19%	21%	21%	21%	23%	24%	22%	20%	22%	21%	19%	22%
INCOME UP SAME	47	43	44	45	44	43	47	44	47	45	47	45	41
PRICES UP MORE	31	35	32	31	32	32	28	32	32	32	30	34	35
DK,NA	1	3	3	3	3	2	1	2	1	1	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

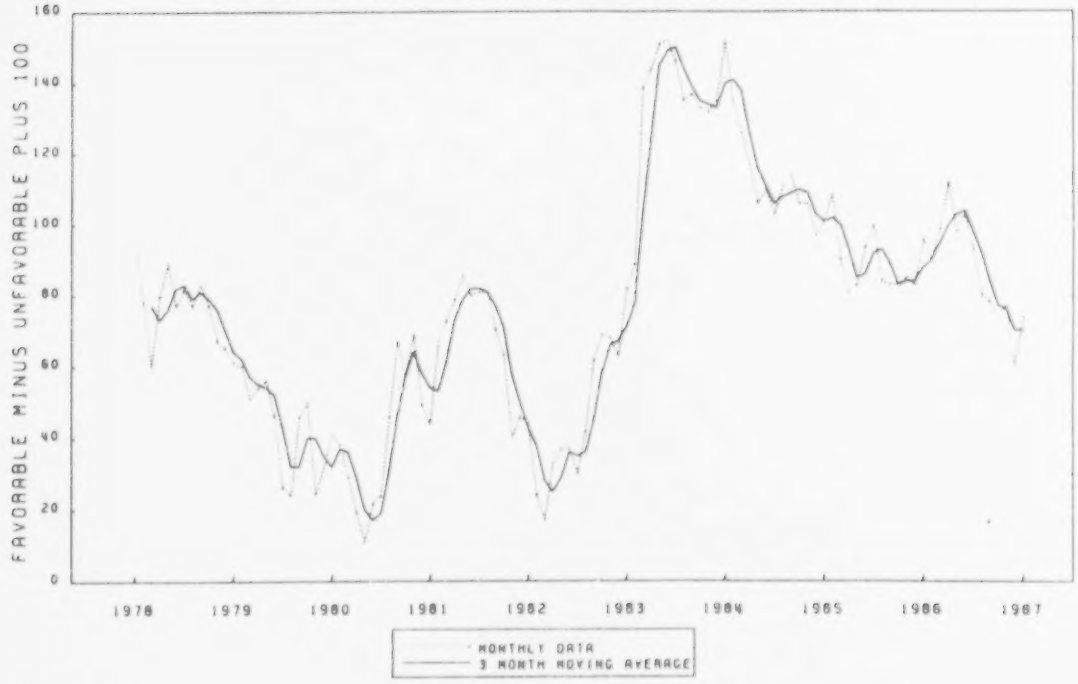


CHART 10 - HISTORICAL SERIES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

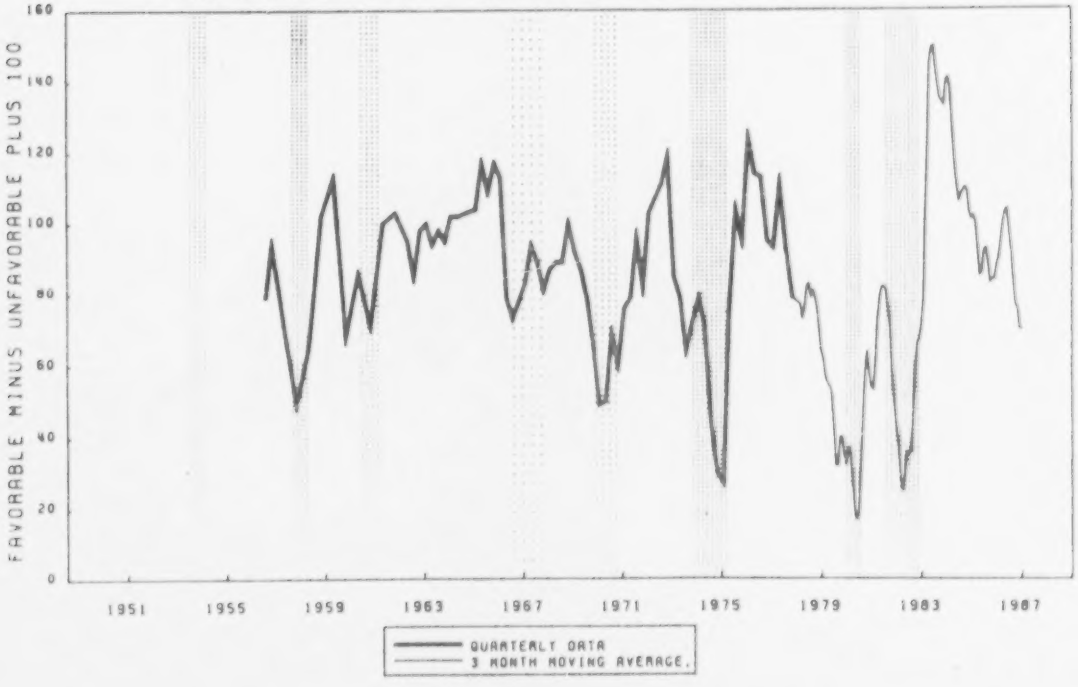


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
FAVORABLE NEWS	37%	34%	46%	55%	42%	42%	37%	33%	29%	26%	30%	22%	26%
UNFAVORABLE NEWS	41	44	47	43	44	39	44	53	51	52	53	62	52
NO MENTIONS	47	46	43	38	44	46	45	44	49	48	47	44	44

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES

TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

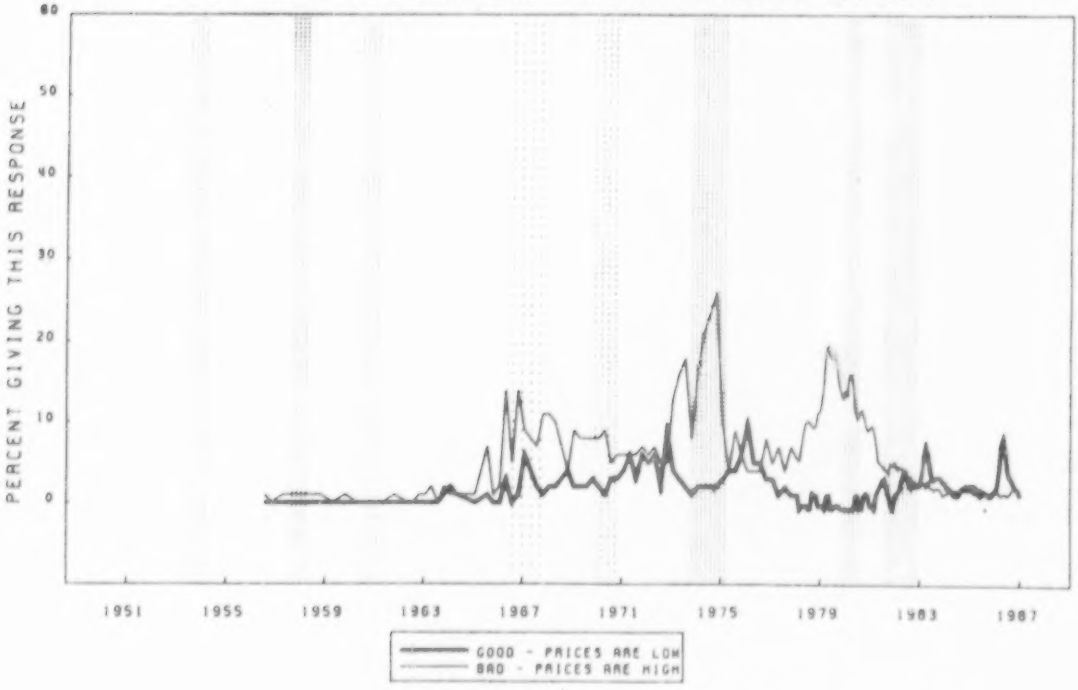


CHART 11B - HISTORICAL SERIES

TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

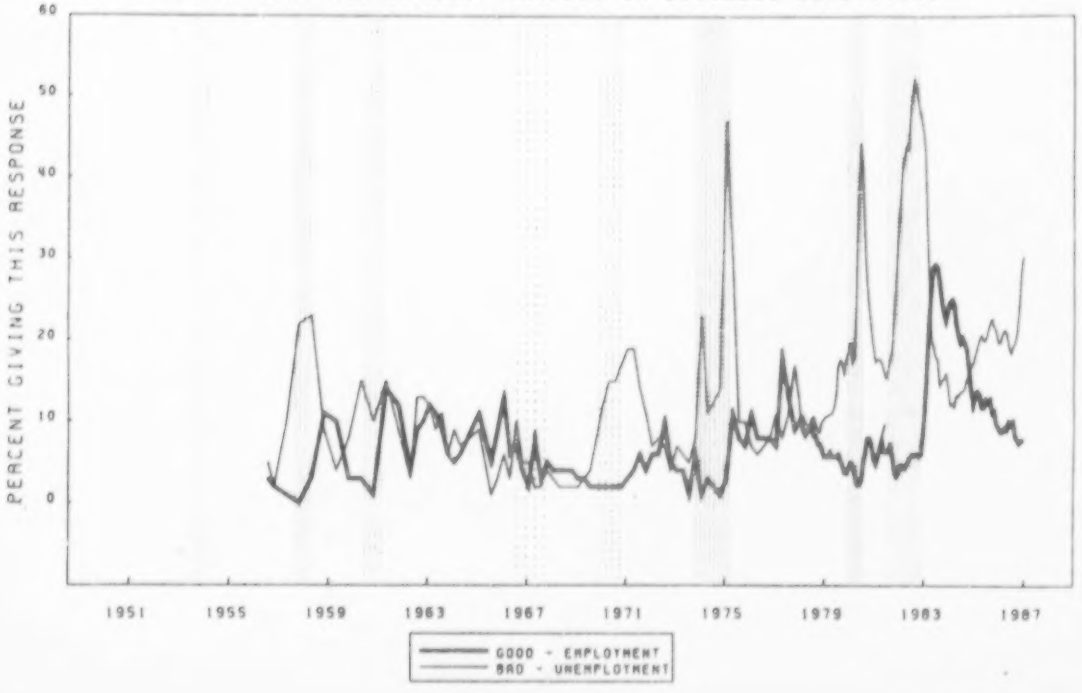


TABLE 11

SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
FAVORABLE NEWS:													
Government; elections	2%	2%	*	1%	2%	3%	3%	2%	2%	1%	3%	1%	2%
Employment	8	10	8	10	9	11	9	10	6	7	9	7	7
Higher consumer demand	3	1	3	3	2	2	1	3	2	3	2	2	3
Lower prices	2	3	8	11	6	3	4	3	2	2	2	1	*
Easier credit	9	8	15	17	11	9	11	7	11	8	5	5	5
UNFAVORABLE NEWS:													
Government; elections	5	3	3	3	3	4	5	5	6	8	6	8	9
Unemployment	18	21	23	20	20	18	19	21	19	23	29	33	29
Lower consumer demand	3	1	2	2	3	2	1	2	1	2	2	4	2
Higher prices	2	1	1	1	2	1	*	3	2	2	1	2	1
Tighter credit	1	*	*	1	1	2	1	1	1	*	1	1	1
Energy crisis	*	*	*	*	1	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

CHART 12 - HISTORICAL SERIES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

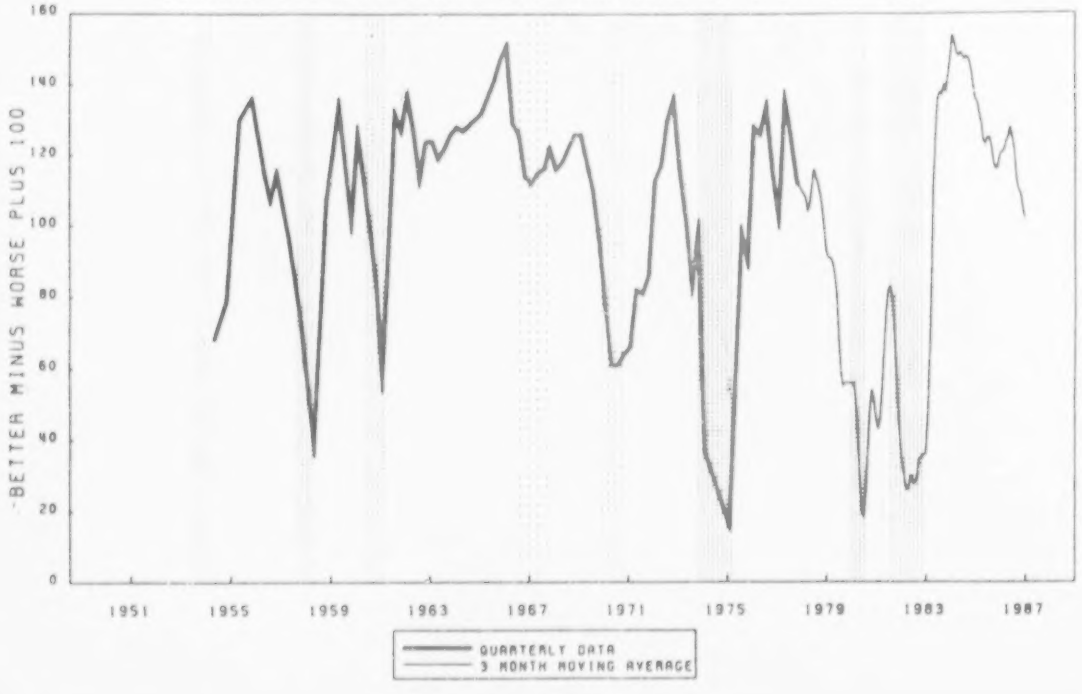


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
BETTER NOW	52%	51%	53%	61%	54%	60%	53%	47%	47%	47%	45%	40%	43%
SAME	17	15	13	9	13	8	14	14	13	15	16	13	14
WORSE NOW	29	32	32	29	31	30	31	37	39	35	37	45	41
DK,NA	2	2	2	1	2	2	2	2	1	3	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

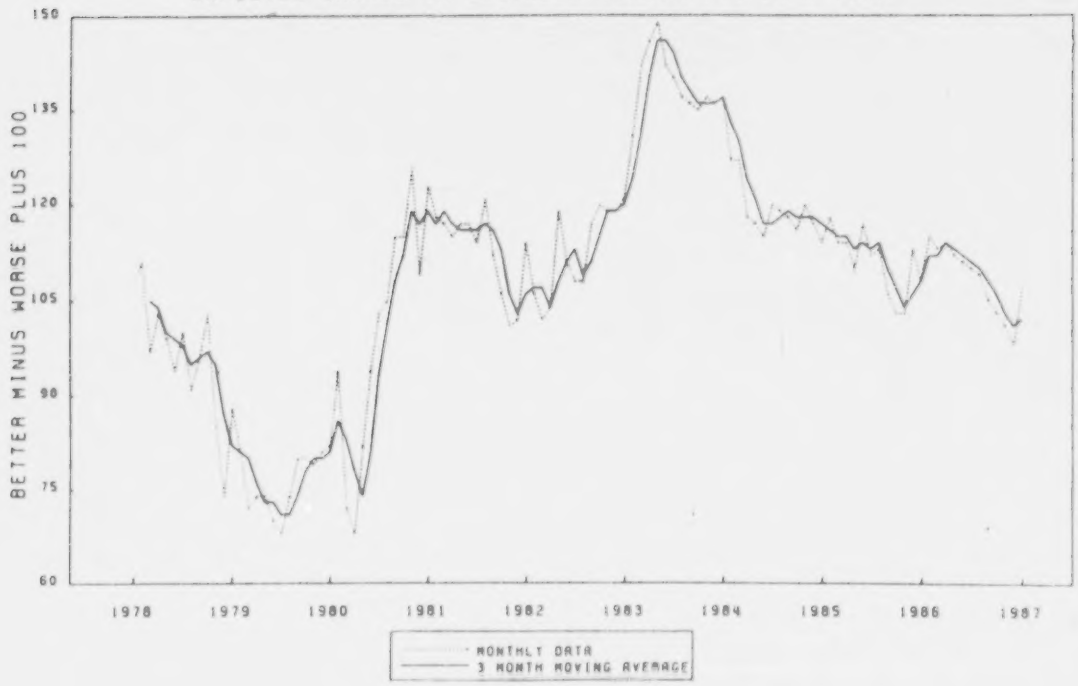


CHART 13 - HISTORICAL SERIES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
BETTER	24%	27%	29%	29%	26%	25%	24%	26%	23%	21%	20%	20%	24%
SAME	58	59	53	55	57	60	60	56	55	59	59	56	58
WORSE	16	12	16	15	14	14	14	17	18	18	19	22	17
DK,NA	2	2	2	1	3	1	2	1	4	2	2	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

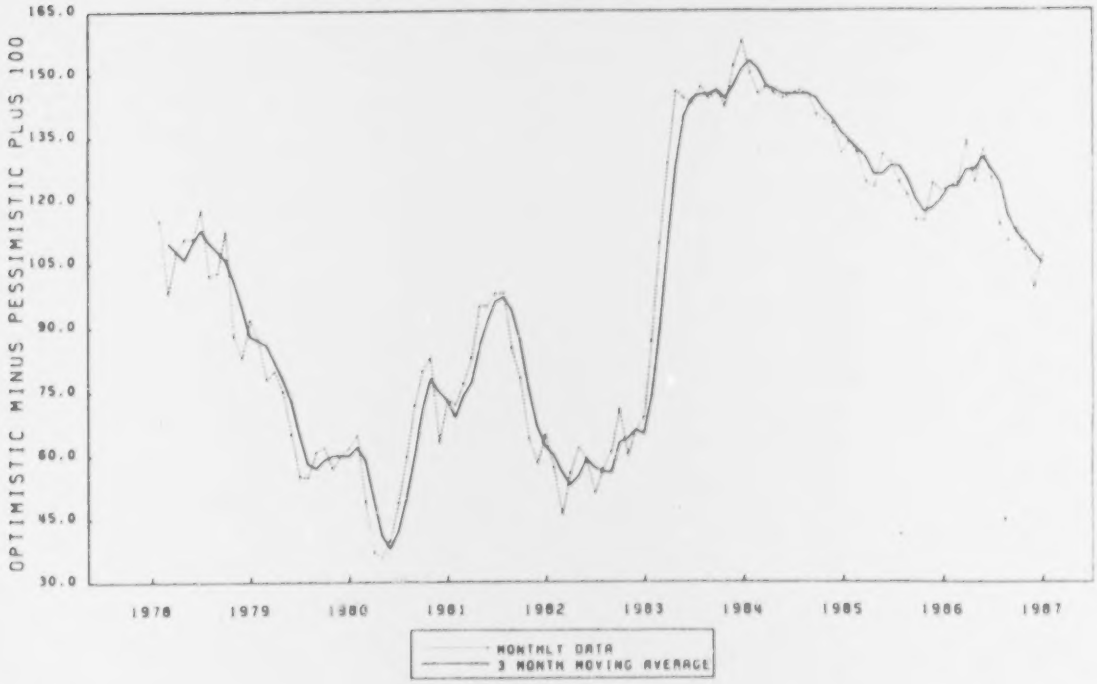


CHART 14 - HISTORICAL SERIES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

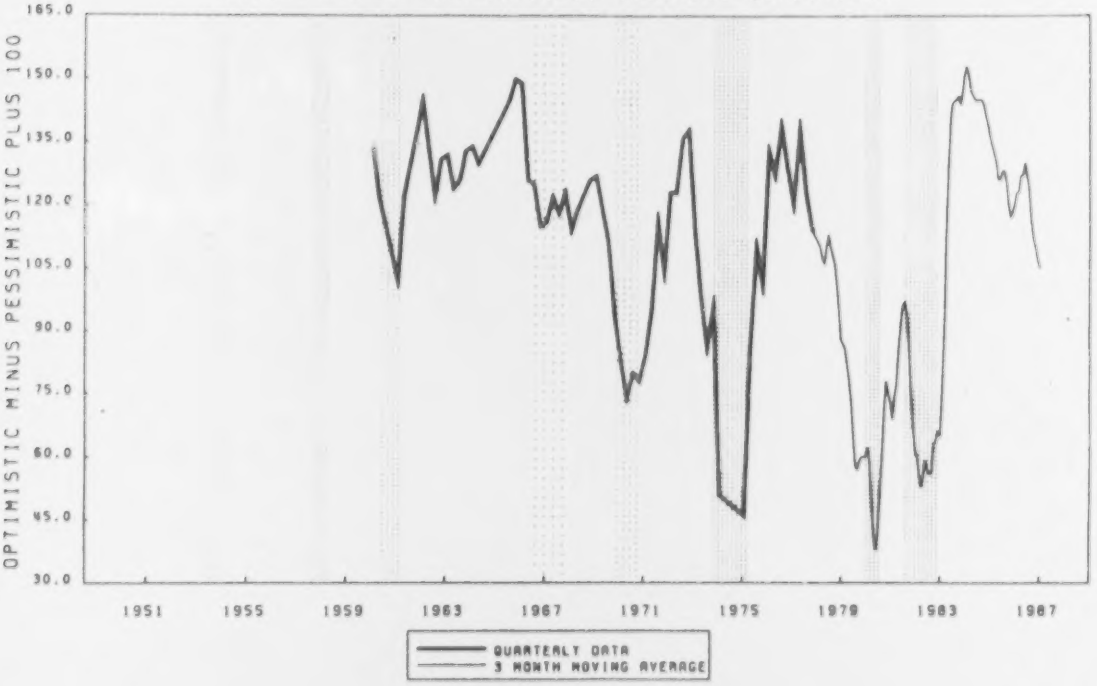


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
TREND:													
Continuous increase (a)	16%	19%	20%	23%	19%	18%	16%	17%	15%	13%	12%	12%	15%
Intermittant increase (b)	33	33	32	35	33	41	36	29	29	31	30	27	27
Remain unchanged (c)	11	10	7	7	8	5	10	10	8	10	10	10	10
Intermittant decline (d)	19	20	18	14	20	17	18	20	22	21	23	23	24
Continuous decline (e)	8	9	10	10	8	10	9	12	12	10	11	17	11
Mixed change (f)	10	6	10	8	9	7	8	9	10	11	11	7	10
DK,NA	3	3	3	3	3	2	3	3	4	4	3	4	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

CHART 15 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

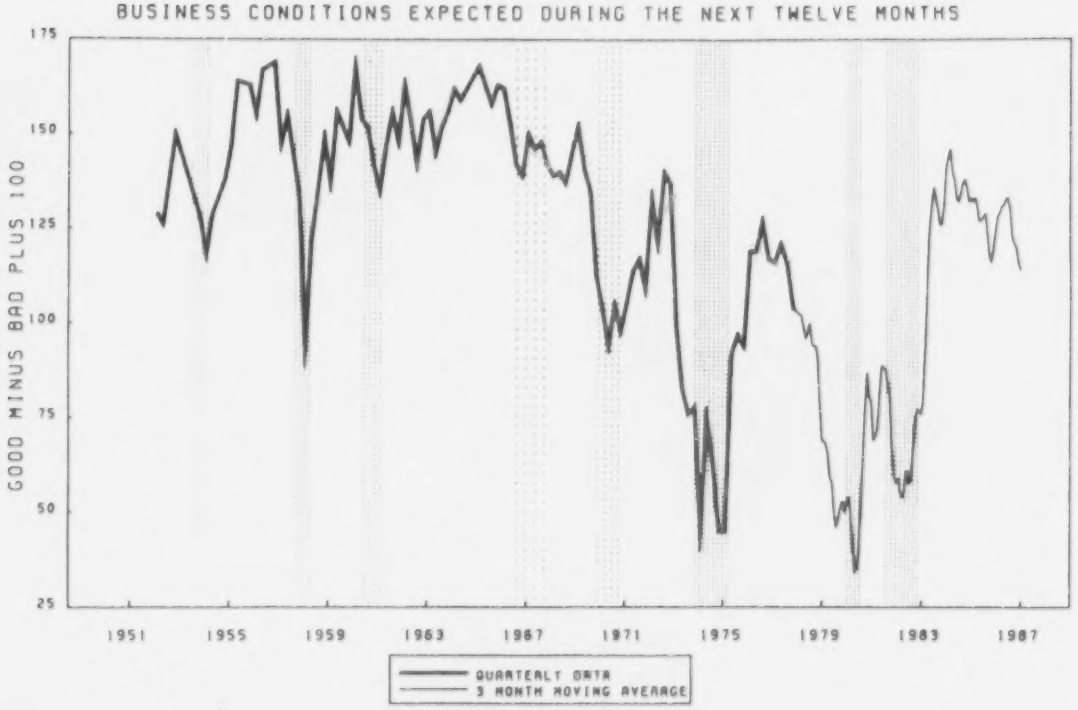


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GOOD TIMES	58%	61%	58%	61%	60%	62%	61%	55%	50%	55%	53%	45%	53%
UNCERTAIN; GOOD & BAD	3	2	3	2	2	2	3	4	3	3	3	2	3
BAD TIMES	32	29	29	28	29	26	30	32	35	31	33	41	36
DON'T KNOW	5	4	7	6	5	6	4	5	8	4	5	5	4
NOT ASCERTAINED	2	4	3	3	4	4	2	4	4	7	6	7	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

CHART 16 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

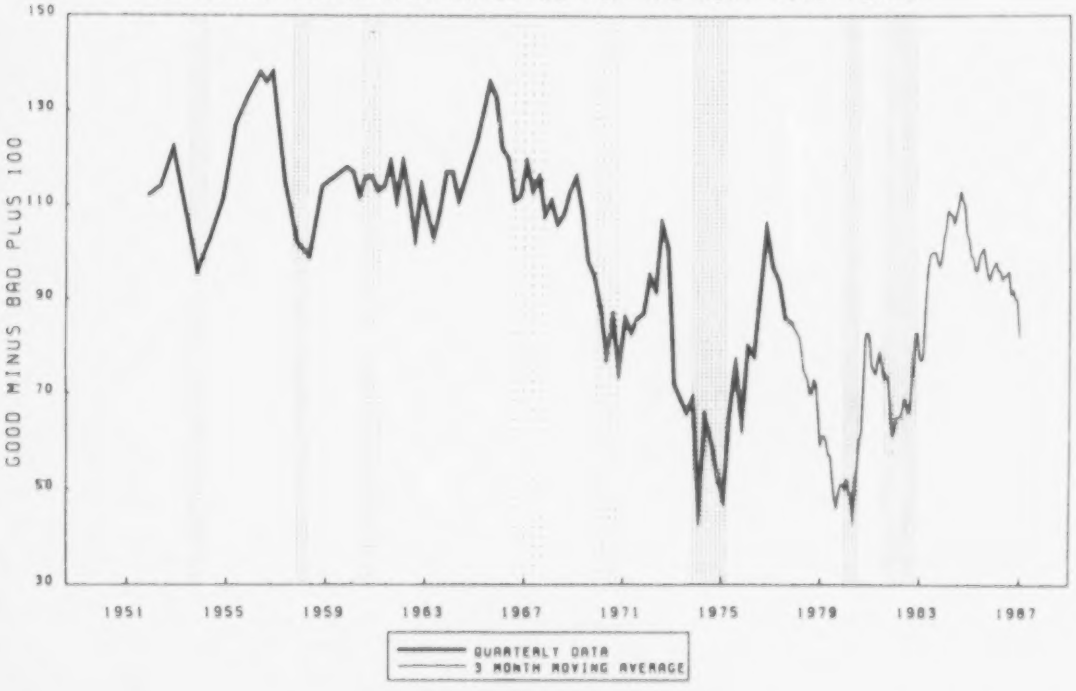


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GOOD TIMES	39%	42%	39%	36%	37%	40%	38%	39%	33%	41%	35%	33%	30%
UNCERTAIN; GOOD & BAD	12	11	13	18	14	14	13	10	11	13	14	13	13
BAD TIMES	46	44	43	42	45	40	44	45	49	42	48	50	53
NOT ASCERTAINED	3	3	5	4	4	6	5	6	7	4	3	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

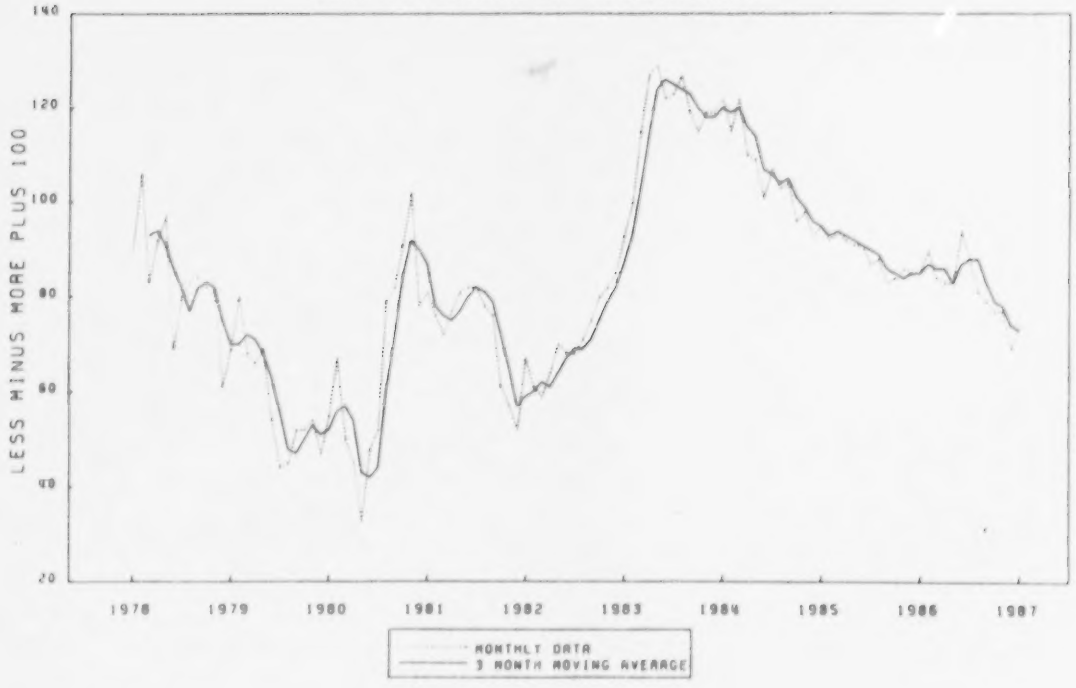


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

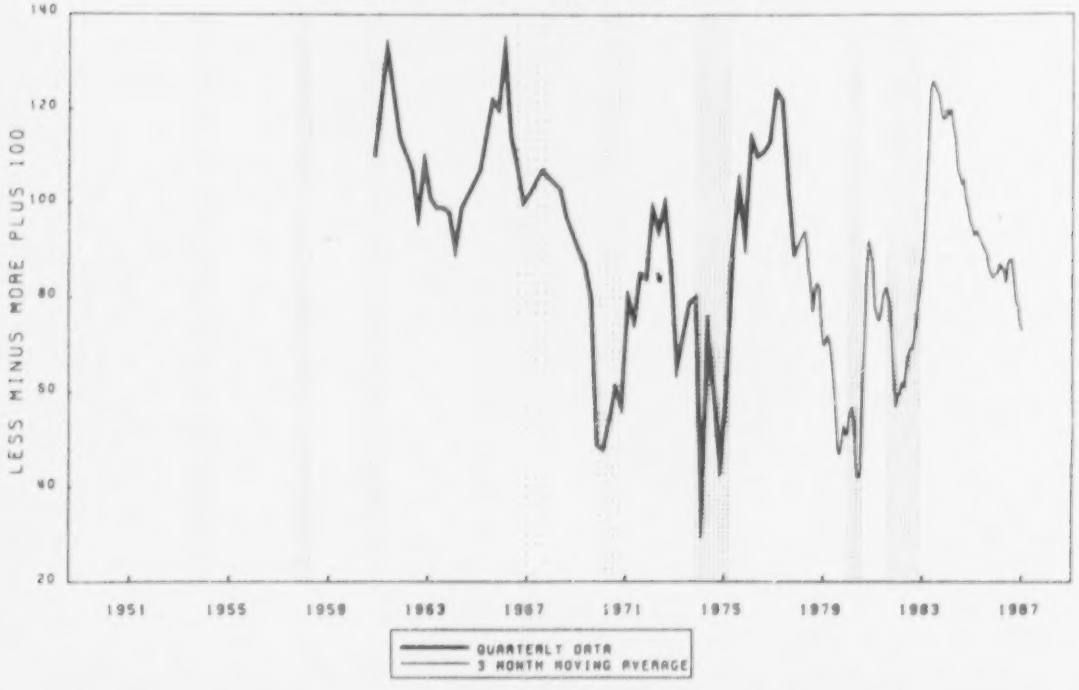


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
LESS	15%	19%	17%	15%	14%	20%	15%	13%	11%	10%	11%	11%	12%
SAME	54	51	48	51	54	53	56	54	54	55	54	46	49
MORE	30	29	33	32	31	26	27	32	32	33	34	42	38
DK,NA	1	1	2	2	1	1	2	1	3	2	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

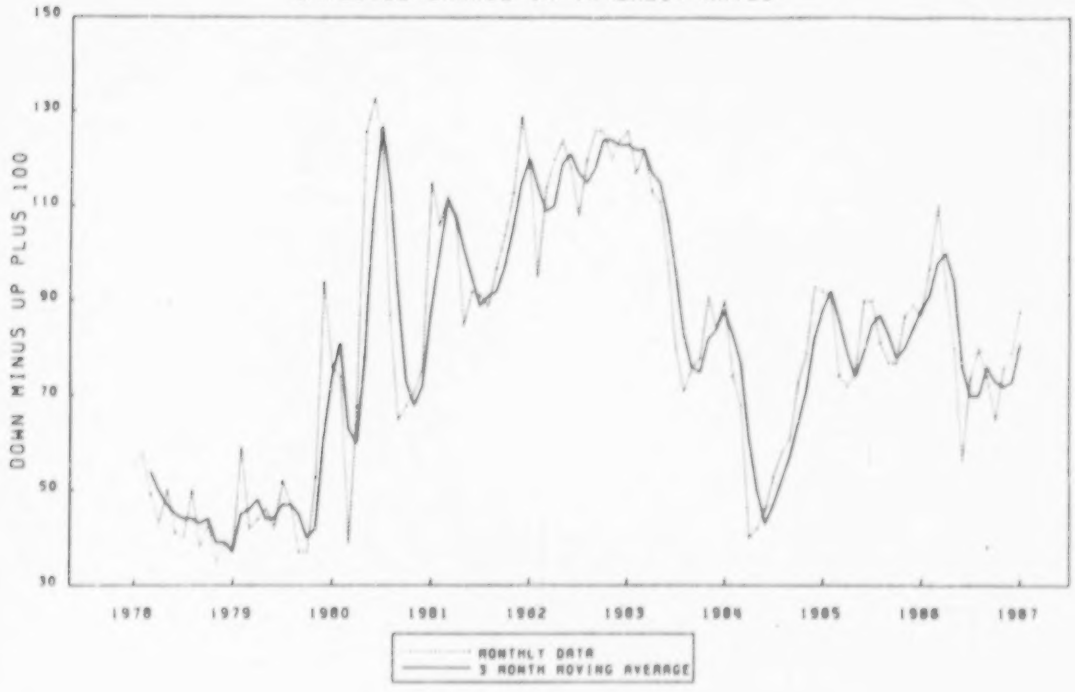


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

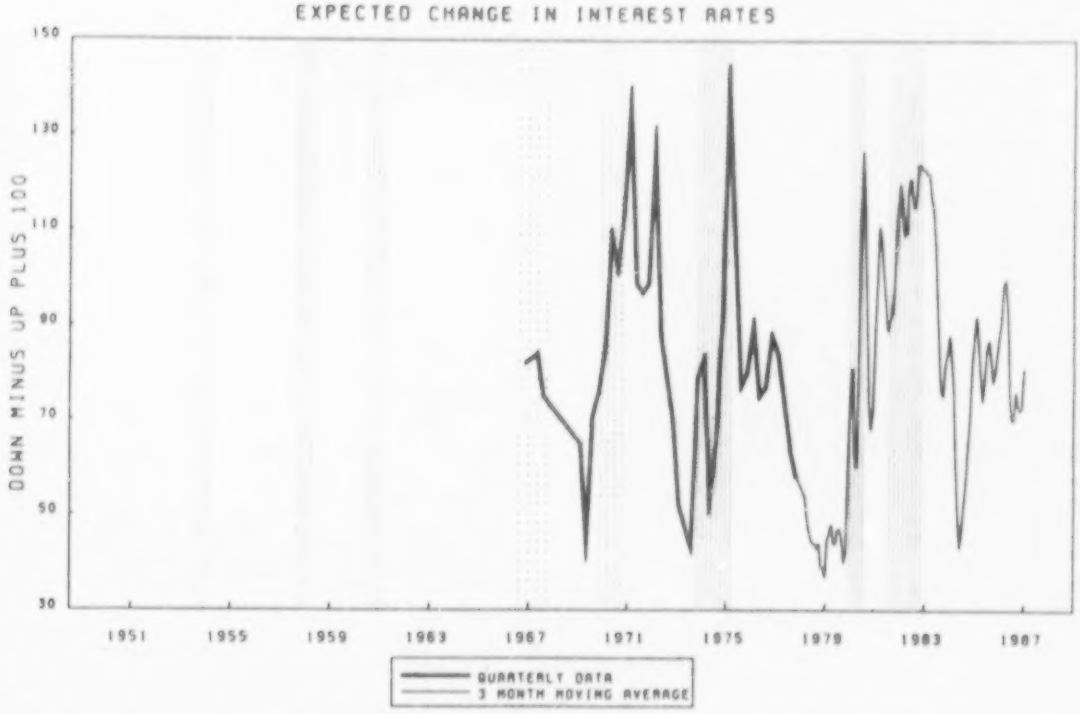


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GO UP	38%	30%	26%	35%	41%	54%	45%	42%	49%	50%	43%	41%	37%
STAY THE SAME	34	40	35	34	35	34	35	34	26	33	37	37	35
GO DOWN	25	27	36	28	21	10	19	22	23	15	19	20	25
DK,NA	3	3	3	3	3	2	1	2	2	2	1	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

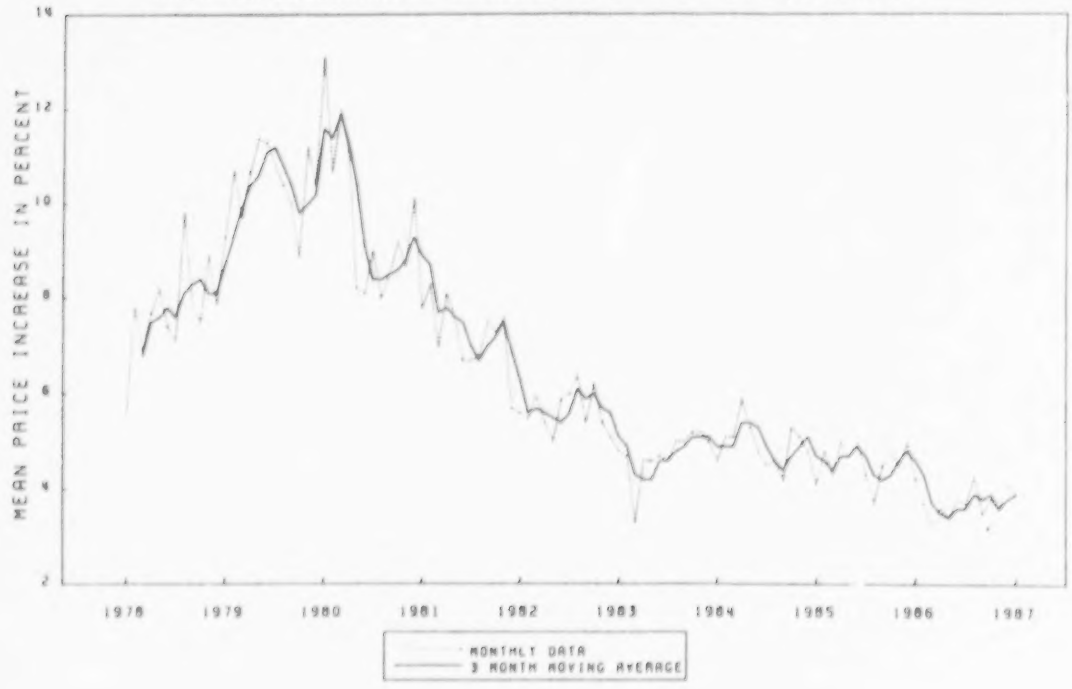


CHART 19 - HISTORICAL SERIES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

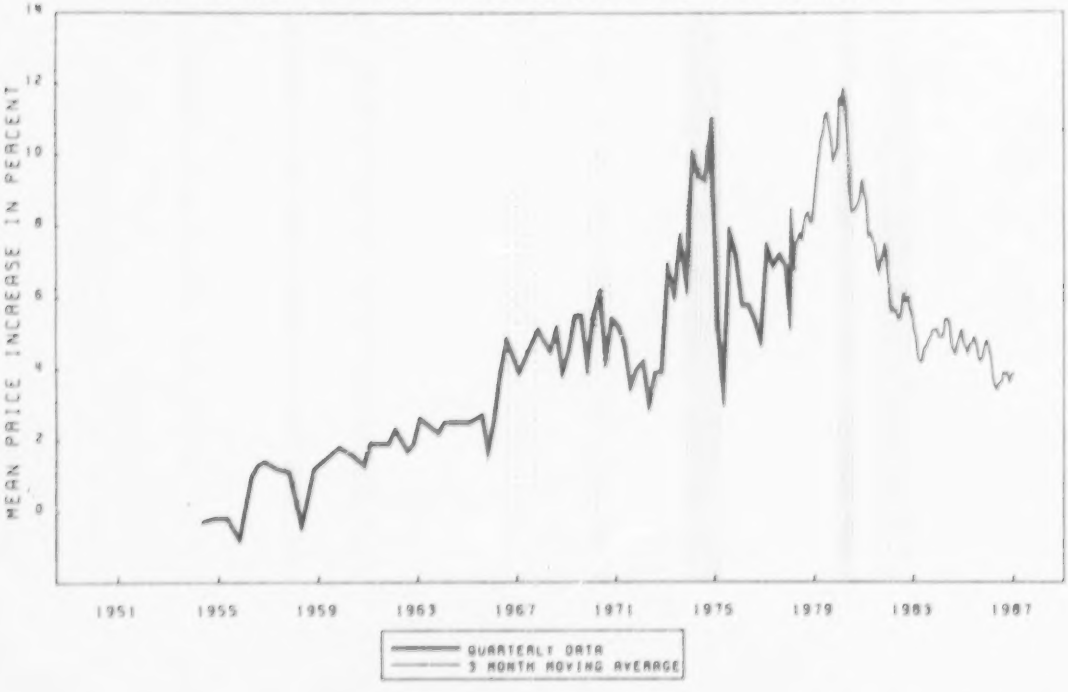


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
SAME OR DOWN	24%	28%	36%	35%	31%	22%	29%	21%	23%	22%	22%	20%	20%
WILL GO UP BY:													
1-2%	16	16	13	15	13	20	13	18	18	17	19	18	18
3-4%	24	19	16	18	22	20	23	24	23	19	25	23	24
5%	14	17	15	11	14	16	16	14	16	21	15	17	14
6-9%	6	6	4	5	5	6	5	7	5	5	6	7	6
10-14%	6	5	6	7	6	6	5	8	5	8	7	6	7
15% or more	5	3	3	4	3	4	4	4	3	2	2	4	4
DK how much up	4	4	6	4	4	5	4	4	6	5	3	4	6
DK,NA	1	2	1	1	2	1	1	*	1	1	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	4.2	3.7	3.2	3.6	3.4	3.8	3.7	4.3	3.5	3.8	3.6	4.1	3.9
VARIANCE	47	38	39	42	27	23	32	38	18	17	28	32	25
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

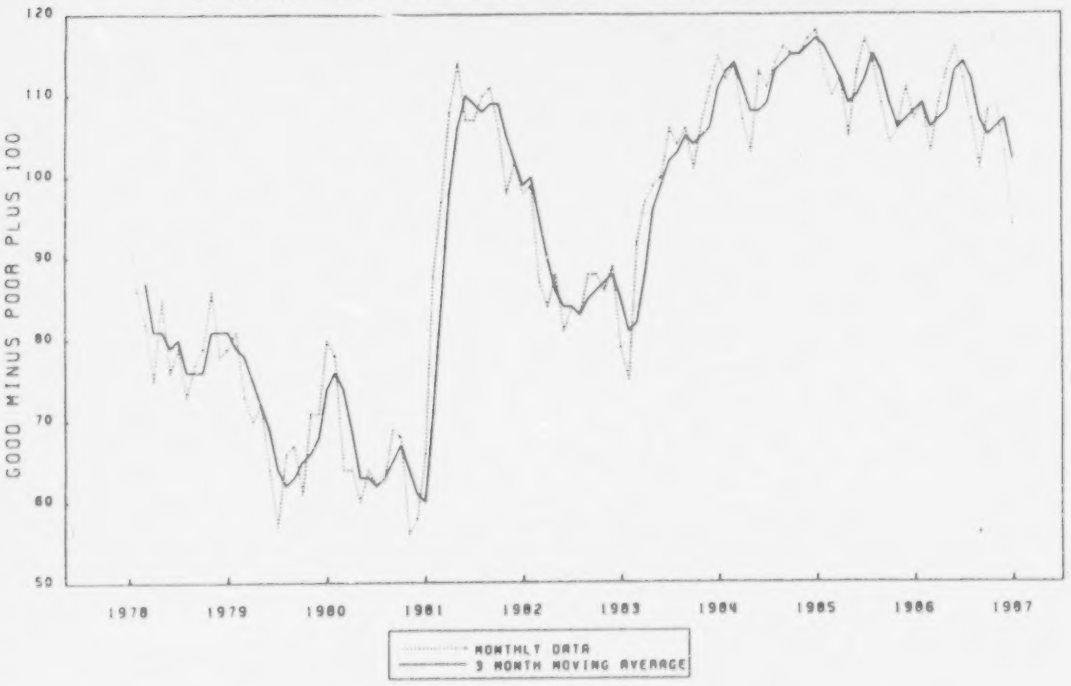


CHART 20 - HISTORICAL SERIES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

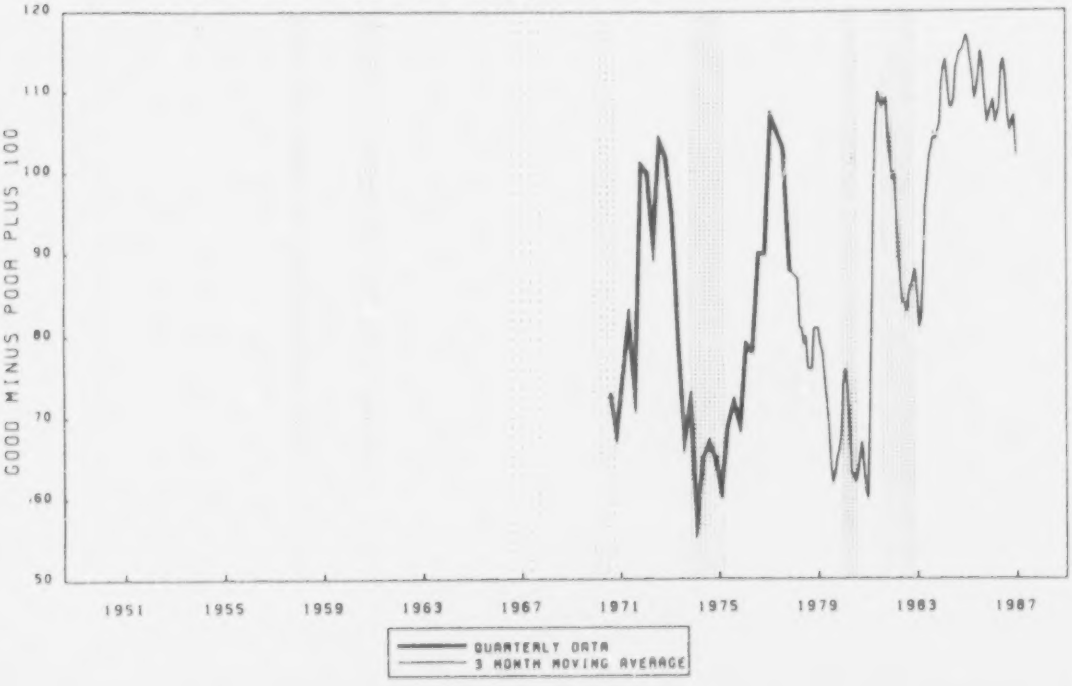


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
A GOOD JOB	27%	29%	25%	29%	30%	33%	29%	28%	22%	27%	28%	26%	20%
ONLY FAIR	52	48	51	50	49	49	52	50	54	52	51	49	52
A POOR JOB	20	20	22	20	17	17	17	21	21	19	19	23	26
DK,NA	1	3	2	1	4	1	2	1	3	2	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

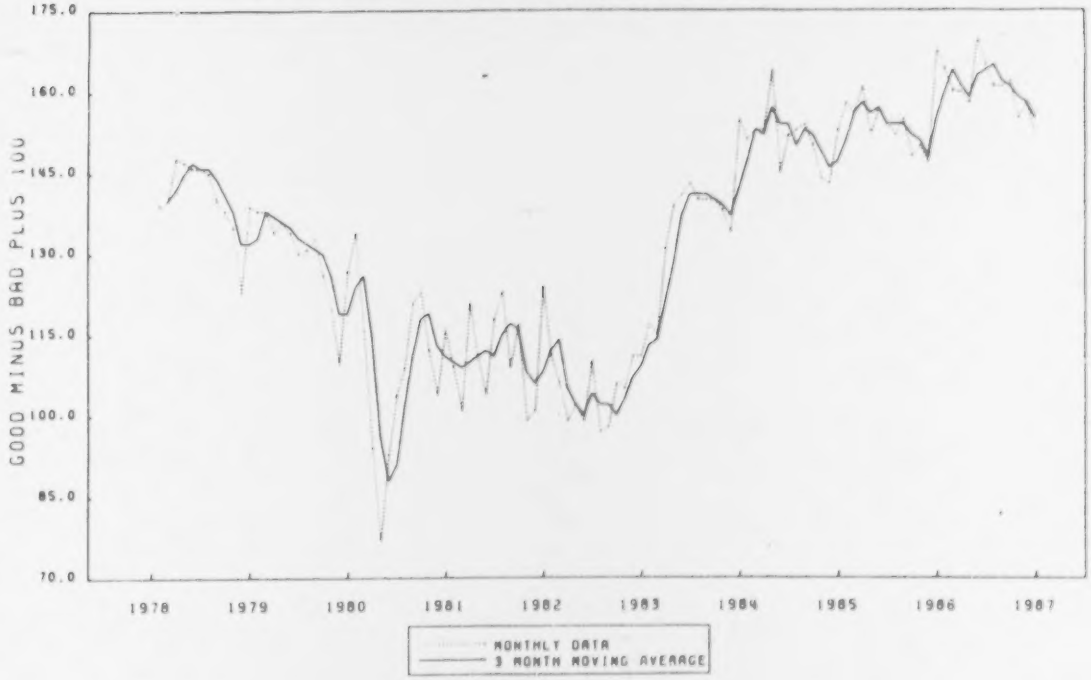


CHART 21 - HISTORICAL SERIES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

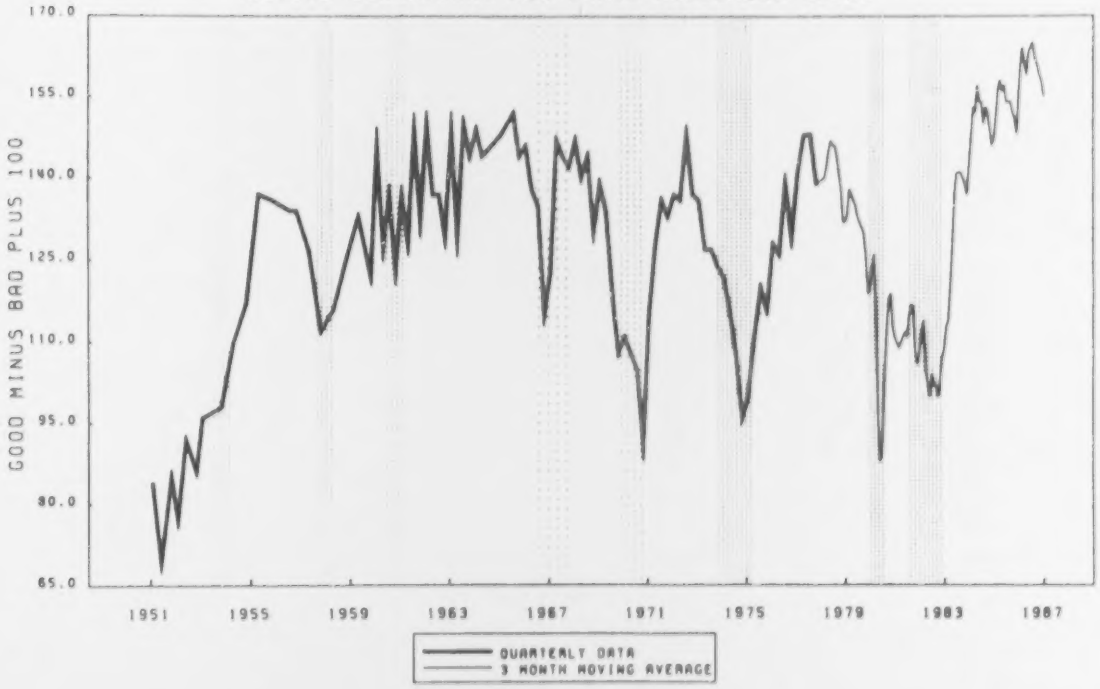


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GOOD TIME TO BUY	80%	78%	75%	75%	75%	81%	79%	77%	76%	76%	72%	75%	72%
UNCERTAIN, DEPENDS	8	8	10	10	8	8	7	7	9	10	11	8	8
BAD TIME TO BUY	12	14	15	15	17	11	14	16	15	14	17	17	20
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

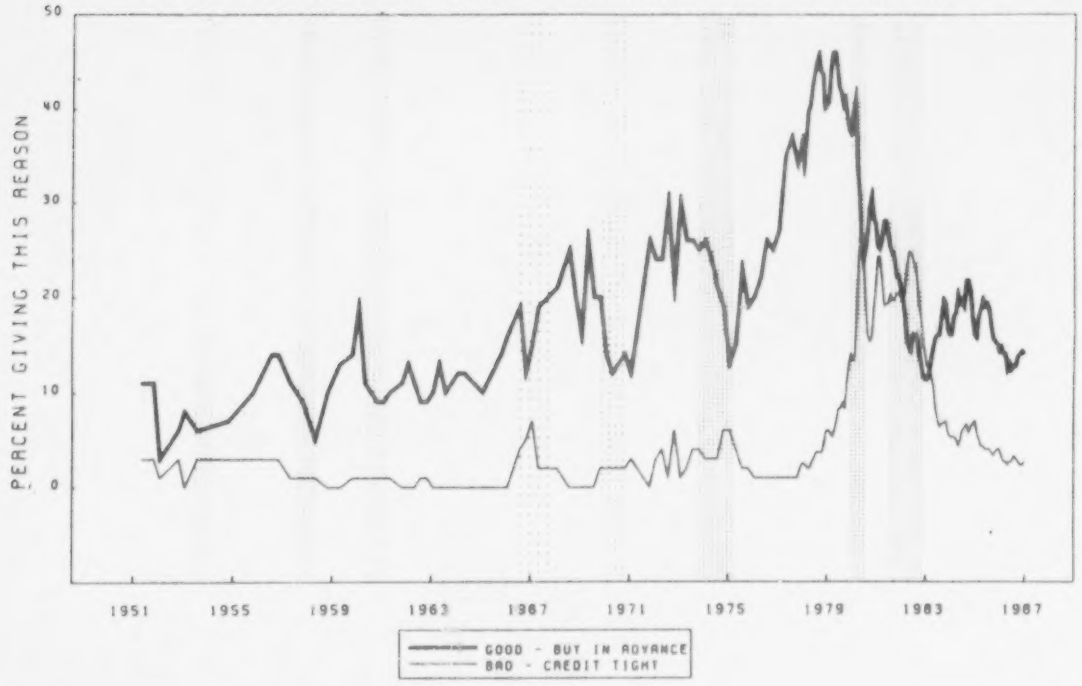


CHART 22B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

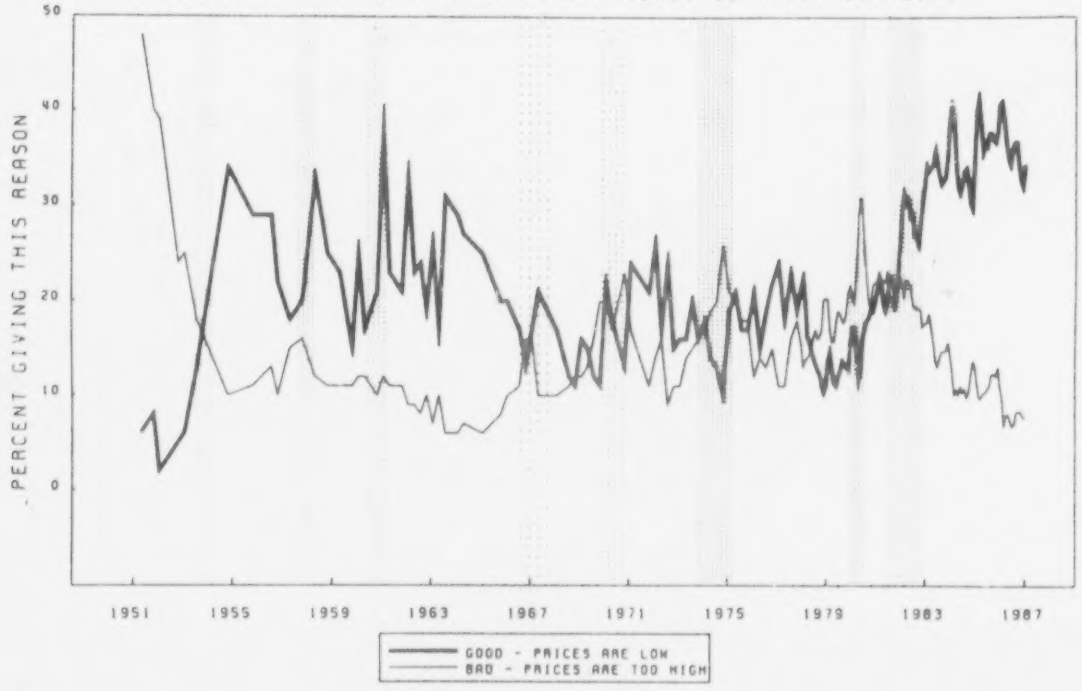


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	43%	38%	37%	35%	33%	35%	40%	35%	35%	33%	30%	33%	40%
Prices won't come down; are going higher	13	17	12	13	12	14	11	13	14	14	14	15	13
Interest rates low; credit is easy	18	20	21	29	31	31	26	26	29	26	25	18	20
BAD TIME TO BUY:													
Prices are high	5	7	8	9	7	6	7	8	10	7	8	8	7
Interest rates are high; credit is tight	3	3	2	3	2	3	3	4	2	2	3	2	3
Lack of purchasing power	6	6	8	7	9	5	6	7	8	7	8	6	8

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

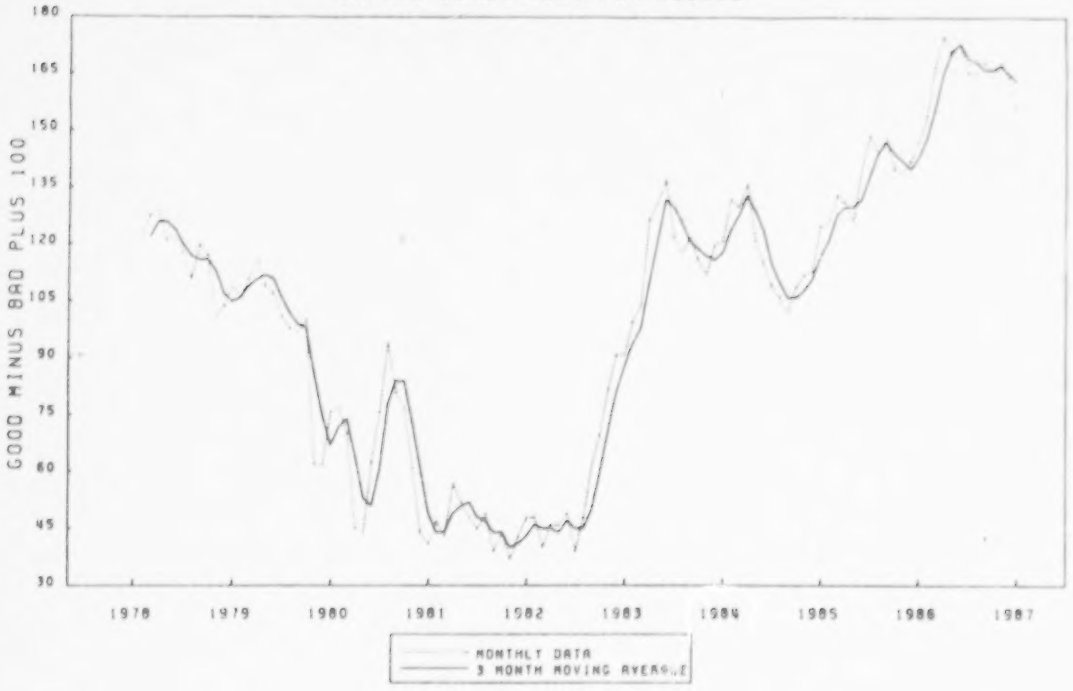


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

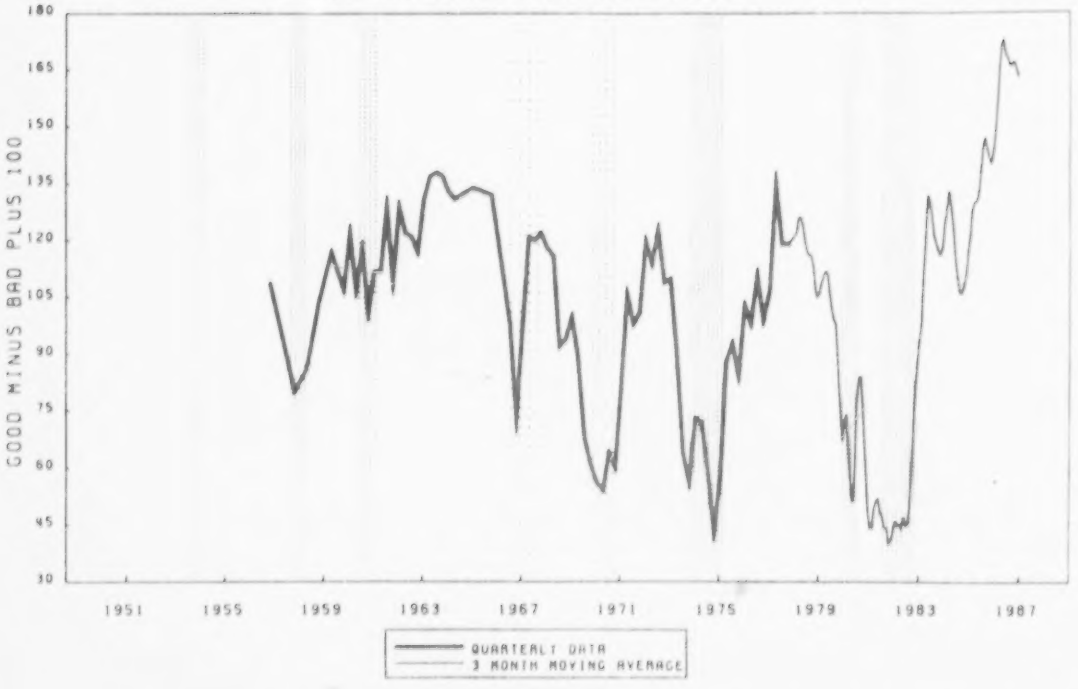


TABLE 23

BUYING CONDITIONS FOR HOUSES

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GOOD TIME TO BUY	72%	76%	82%	86%	83%	86%	82%	81%	83%	81%	83%	80%	76%
UNCERTAIN, DEPENDS	3	2	3	3	4	1	1	3	2	2	2	4	4
BAD TIME TO BUY	25	22	15	11	13	13	17	16	15	17	15	16	20
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

CHART 24B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

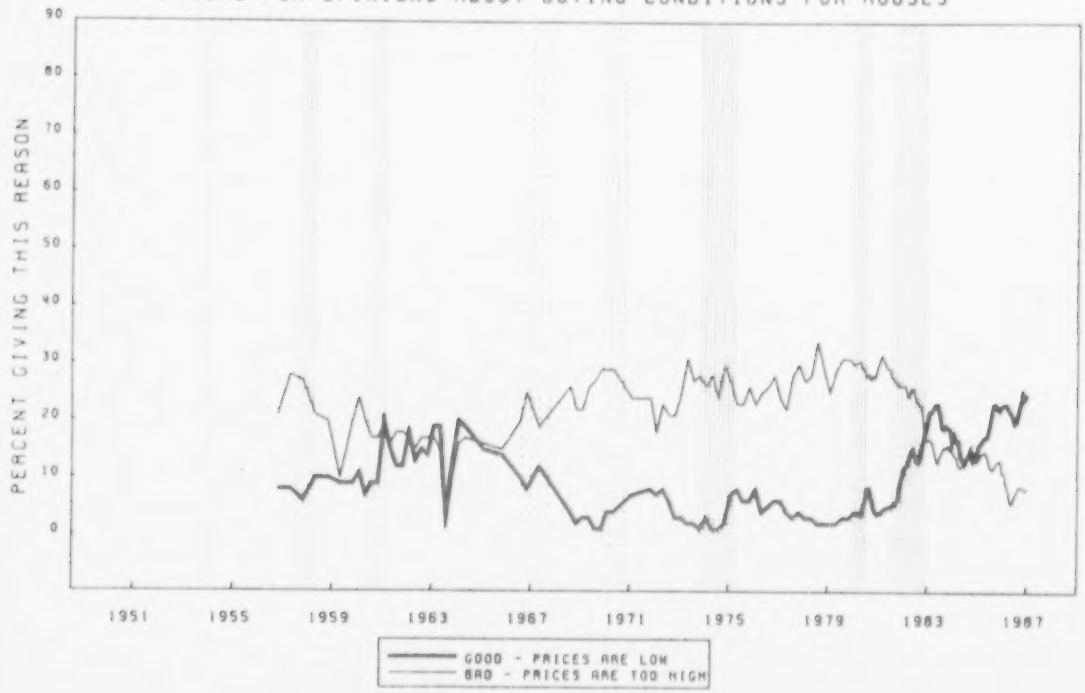


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	24%	22%	23%	22%	20%	21%	18%	21%	26%	22%	27%	23%	24%
Prices won't come down; are going higher	8	8	6	5	3	4	4	4	6	6	6	6	5
Interest rates low; credit is easy	60	64	76	83	80	83	77	78	79	75	75	73	69
Good investment	6	4	5	3	3	3	5	3	5	6	5	6	6
BAD TIME TO BUY:													
Prices are high	8	12	6	5	6	6	9	8	9	9	7	8	10
Interest rates are high; credit is tight	14	11	5	4	5	5	7	5	5	5	5	5	7
Lack of purchasing power	10	8	8	6	6	6	7	8	6	8	8	7	9

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

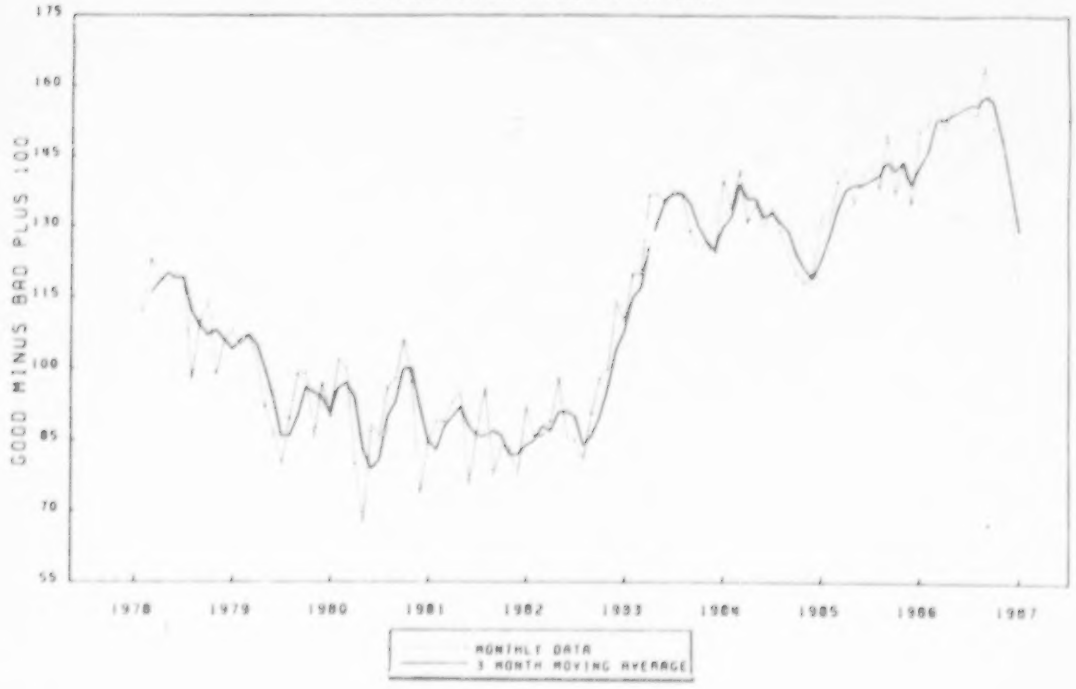


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

TABLE 25

BUYING CONDITIONS FOR CARS

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GOOD TIME TO BUY	71%	73%	74%	73%	75%	77%	74%	73%	81%	72%	63%	64%	55%
UNCERTAIN; DEPENDS	9	6	8	5	6	5	6	8	3	7	6	7	9
BAD TIME TO BUY	20	21	18	22	19	18	20	19	16	21	31	29	36
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	656	658	658	655	658	665	653	659	651	656	653	655

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

CHART 26B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

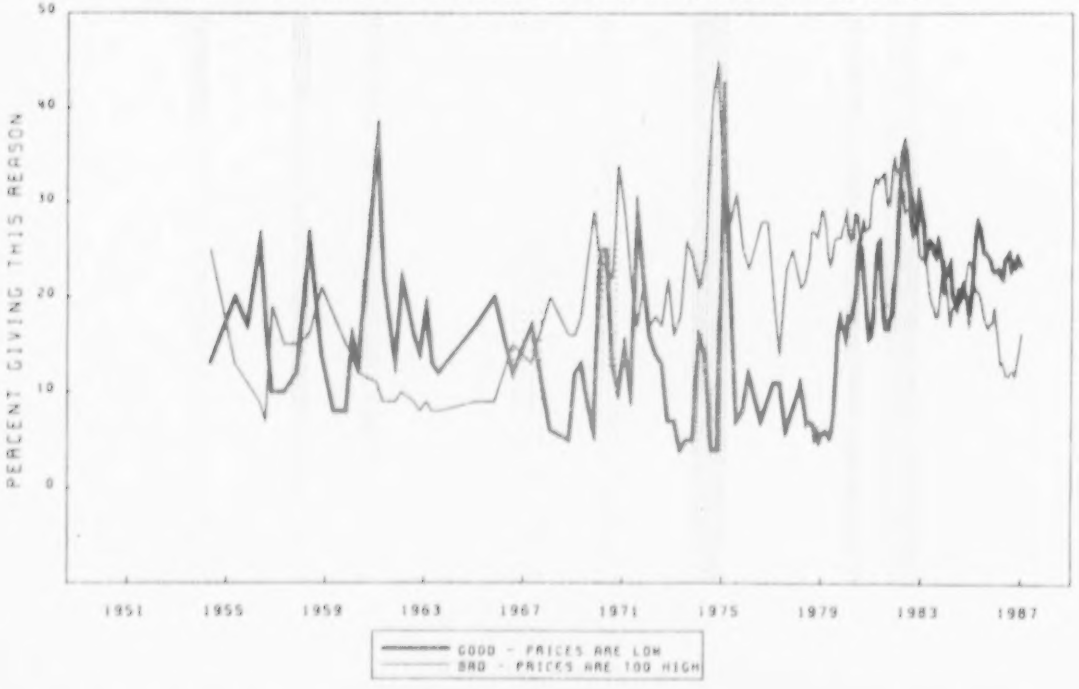


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Jan. 1986	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	23%	22%	22%	22%	28%	23%	23%	23%	25%	22%	26%	23%	21%
Prices won't come down; are going higher	9	9	9	7	6	8	8	9	6	5	7	9	8
Interest rates low; credit is easy	51	53	54	54	58	62	53	52	73	58	43	45	34
New fuel efficient models	*	1	*	1	*	*	1	*	*	*	*	*	1
BAD TIME TO BUY:													
Prices are high	13	13	13	14	10	11	14	12	11	12	17	15	17
Interest rates are high; credit is tight	3	4	3	3	3	3	3	3	4	8	9	4	6
Lack of purchasing power	5	5	4	6	6	4	5	5	2	2	4	4	6
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	4	2	3	2	2	2	3	1	1	1	2	2	2

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

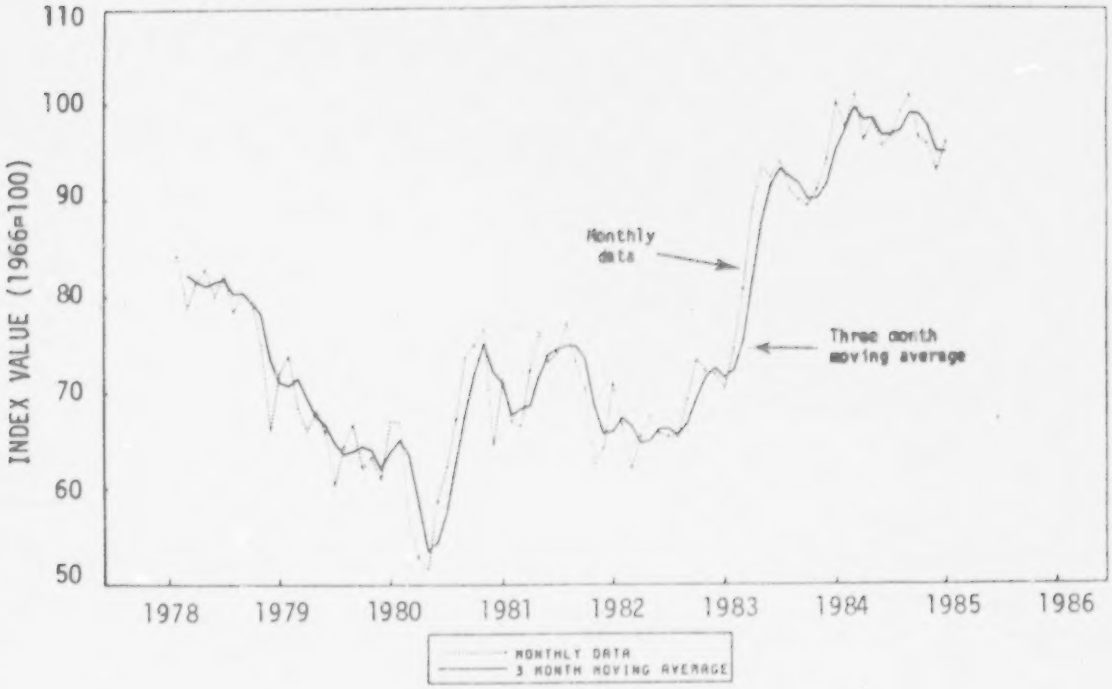
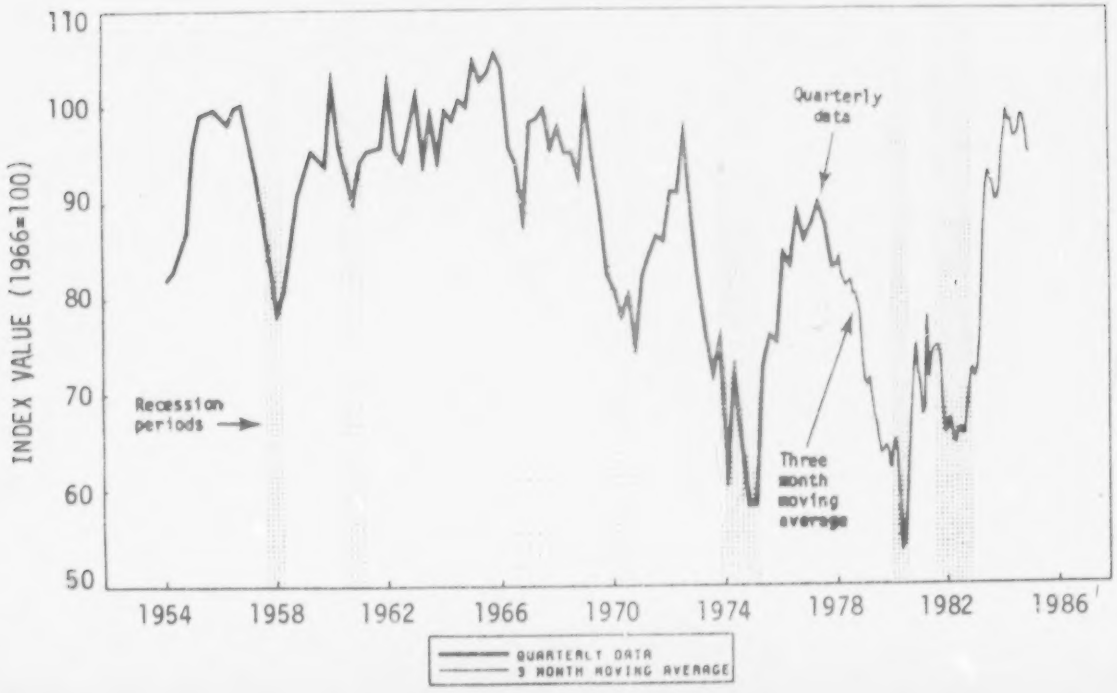


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November	1948	-	October	1949
	July	1953	-	May	1954
	August	1957	-	April	1958
	April	1960	-	February	1961
	June	1966	-	November	1967*
	December	1969	-	November	1970
	November	1973	-	March	1975
	January	1980	-	July	1980
	July	1981	-	November	1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700[b]	1,400[c]	2,100[d]
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

[a]The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b]Average size of monthly surveys.

[c]Average size of two monthly surveys.

[d]Average size of three monthly surveys (one quarter).

SUMMARY

U7475-2A

February 6, 1987

JANUARY 1987 MONTHLY REPORT

Surveys of Consumer Attitudes

Richard T. Curtin, Director

FAVORABLE VEHICLE BUYING ATTITUDES PLUNGE OVERALL CONSUMER CONFIDENCE REMAINS POSITIVE

- In the January 1987 survey, the Index of Consumer Sentiment was 90.4, just above the 89.1 recorded one month earlier, but significantly below the 95.6 recorded one year earlier. Compared with the cyclical peak recorded in early 1984, the Index has declined by a total of only 10 Index-points; the Index remains nearly 40 Index-points above the 1980 lowpoint, and its current level is comparable to the cyclical peak reached in the late 1970s.

- Among families with incomes of $30,000 or more, the Index rose to 101.2 in January 1987 from 98.7 one month earlier, but remained substantially below the 109.7 recorded one year earlier. During the past year, declines in sentiment were recorded among residents of the North Central and Western regions, compared with largely unchanged sentiment levels among residents of the Northeast and Southern regions.

- Favorable attitudes toward buying conditions for vehicles were held by 55 percent of all families in the January 1987 survey, 9 percentage points below the December reading, and 26 percentage points below the September 1986 peak. This sharp decline accompanied the withdrawal of discount programs by vehicle manufactures, and the ending of the sales tax deductability on vehicle purchases.

- Attitudes toward buying conditions for homes and household durables remained at very favorable levels in the January 1987 survey. Favorable home buying attitudes were held by 76 percent of all families, based on favorable perceptions of mortgage interest rates. Favorable attitudes toward buying conditions for household durables were held by 72 percent of all families, mainly due to the availability of discounted prices.

• • •

The January 1987 survey indicates that consumers remain confident that economic prospects for the year ahead will be favorable, even if there are darkening clouds on the distant horizon. While economic conditions in the country as a whole were expected to remain favorable during the year ahead, the majority of consumers expressed concerns that a recession might reoccur during the next five years or so. Job prospects are of particular concern, both because the expected slow growth during the year ahead will be insufficient to reduce the current unemployment rate, and because increases are expected over the longer term.

Although favorable attitudes toward vehicle buying conditions declined sharply, reflecting the withdrawal of incentive programs, favorable evaluations of buying conditions for homes and large household durables remained at very favorable levels. Importantly, at the start of 1987 consumers' evaluations of their own financial situation remained favorable. And given these favorable evaluations of personal finances, these data indicate that consumers will continue to be responsive to price and interest rate discounts. The recent plunge in favorable buying attitudes could be quickly reversed with renewed discount programs. And it is the return of these discounts for which consumers now wait.

Monitoring Economic Change Program
Institute for Social Research • P.O. Box 1248 • Ann Arbor, Michigan 48106-1248 • (313) 763-5224

Favorable Buying Attitudes Respond To Availability of Incentives

Favorable vehicle buying attitudes have declined sharply during the past several months. The proportion of families holding favorable vehicle buying attitudes fell to 55 percent in the January 1987 survey, from 64 percent in December, and the all-time peak of 81 percent in September 1986. This sharp decline in favorable vehicle buying attitudes has been due to the lack of purchase incentives, especially discounts on interest rates. In the January 1987 survey, the proportion of families that mentioned the availability of reduced interest rates on vehicle loans fell to 34 percent from 45 percent one month earlier, and the peak of 73 percent recorded in September 1986. This widespread response by consumers testifies to the importance of purchase incentive programs. Moreover, now consumers reason that the disappearance of incentive programs only raises the likelihood of their reappearance as sales weaken.

During the past three months, interest rate expectations have become more favorable, reversing mid year declines. Among all families in the January 1987 survey, 25 percent expected interest rates on consumer loans to decline during the year ahead, up from 15 percent three months earlier. The proportion of families that expected increases in interest rates fell to 37 percent in January 1987 from 50 percent three months earlier. This improvement at the start of 1987 returned interest rate expectations to the same levels recorded at the start of 1986.

Given that the tax deductability of interest charges on vehicle loans is now being phased out, the after tax cost of these loans will rise, thus making interest rate incentive programs more appealing to consumers. For home owners that itemize tax deductions, the interest rate deductability can be retained by using home equity loans to finance vehicle purchases. For most consumers, however, the primary appeal of interest rate reductions will remain focused on the monthly repayment amount. Since families with substantial

home equity on which to draw also tend to have higher than average current incomes, the consumers most attracted to financing through vehicle manufacturers will also tend to place relatively more emphasis on the affordability of monthly repayment amounts.

Homes. Favorable attitudes toward buying conditions for homes were held by 76 percent of all families in the January 1987 survey, between the 80 percent recorded one month earlier, and the 72 percent recorded one year earlier. When asked to explain their views on home buying conditions, 69 percent of all families in January 1987 mentioned the availability of lower mortgage interest rates, down from the peak of 83 percent recorded in mid 1986, but still above the 60 percent recorded one year earlier. In addition, perceptions of market prices for homes remained on balance favorable in the January 1987 survey, with 24 percent that mentioned the availability of good home buys, compared with just 10 percent that complained about high home prices.

Household Durables. Buying conditions for large household durables were viewed favorably by 72 percent of all families in the January 1987 survey, somewhat below the 75 percent recorded one month earlier, and the 80 percent recorded one year earlier. Even after this decline, these buying attitudes remained at very favorable levels at the start of 1987. The primary reason cited by consumers for these positive evaluations was the availability of price reductions. Among all families in the January 1987 survey, 40 percent mentioned the availability of low and discounted prices on household durables, up from 33 percent one month earlier, and just below the 43 percent recorded one year earlier.

Personal Financial Trends Remain Positive

At the start of 1987, consumers evaluated their overall personal financial situation in favorable terms, as they have for the past three years. Among all families in the January 1987 survey, 45 percent reported that their financial situation had improved

during the past year, identical to the January 1986 reading. Income increases during the past year were mentioned by 38 percent of all families in the January 1987 survey, up from 35 percent recorded both one month and one year earlier. Importantly, just 7 percent of all families in the January 1987 survey complained about the erosion of living standards due to inflation, the lowest proportion recorded since the mid 1960s.

An improved financial situation during the year ahead was expected by 39 percent of all families in the January 1987 survey, up from 36 percent one month earlier, and 35 percent one year earlier. Just 9 percent of all families expected their financial situation to worsen during 1987. At the start of 1987, about half of all families expected their financial situation to remain on balance unchanged during the year ahead (48 percent), as was true at the start of 1986 (50 percent). Although income increases were expected by the majority in the January 1987 survey (62 percent), the size of the expected income increase was small, and only marginally larger than the expected increase in prices (medians of 3.3% versus 2.9%).

Unemployment Top Concern

Most consumers expect the national economy to continued its slow pace of growth during the year ahead, but the majority believe that a recession is on the longer term horizon. In the January 1987 survey, 58 percent of all families expected that 1987 would be characterized by the same sluggish performance of the national economy as in 1986. Fewer families expected the economy to improve (24 percent) or worsen (17 percent) in the January 1987 survey, nearly identical to the year earlier figures. And despite this outlook for only sluggish growth, the majority of families at the start of 1987 expected good times financially in the economy as a whole during the year ahead—53 percent in January 1987, somewhat below the 58 percent recorded one year earlier. However, when asked about prospects for the economy over the longer term, the majority of consumers expected the reoccurrence of a recession. In the January 1987 survey, 53 percent of all families

expected bad times financially during the next five years or so, up from 46 percent one year earlier. The proportion that expected uninterrupted growth over the longer term fell to 30 percent in January 1987 from 39 percent at the start of 1986.

Unemployment was the primary concern expressed about the lack of more vigorous growth in the short term, and the dominant longer term concern. Reports of news heard about recent economic developments were dominated by references to unemployment, announcements of layoffs, and the like—mentioned by 29 percent of all families in the January 1987 survey, up from 18 percent one year earlier. The national unemployment rate was expected to increase during the year ahead by 38 percent of all families in the January 1987 survey, down from 42 percent in December, but above the 30 percent recorded at the start of 1986. In contrast, just 12 percent of all families expected declines in the unemployment rate during 1987. Importantly, however, the most common expectation in the January 1987 survey was that the national unemployment rate would remain at about its current level through year end—49 percent in January 1987, somewhat below the 54 percent at the start of 1986.

Confidence in government economic policies to control inflation and unemployment fell to its lowest level in more than three years in the January 1987 survey. Among all families, 20 percent favorably rated government economic policies, down from 26 percent one month earlier, and 27 percent one year earlier. For the first time in more than three years, the number of families giving unfavorable ratings exceeded those giving favorable ratings. In the January 1987 survey, unfavorable ratings of government economic policies were reported by 26 percent of all families, up from 23 percent one month earlier, and 20 percent one year earlier.

• • •

The January 1987 survey was conducted between January 5 and January 31, 1987, and included 655 completed interviews.

3/12/57 U 7475-2A

SURVEYS OF CONSUMER ATTITUDES

SURVEY RESEARCH CENTER
UNIVERSITY OF MICHIGAN

Institute for Social Research

TABLES AND CHARTS

FEBRUARY 1987

The February 1987 survey is the 223rd in a series of surveys of consumer attitudes conducted by the Survey Research Center at The University of Michigan. Initiated in 1946, these periodic surveys provide regular assessments of consumer attitudes and expectations, and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer attitudes and expectations occur, and how these changes influence consumer spending and saving decisions.

Two charts highlight recent changes and historical patterns for most questions. Recent change charts include quarterly data before 1978 and monthly data starting in January of 1978. Historical series charts show quarterly data before 1978 and 3 month moving averages since then. See the explanatory charts at the end of this book for a detailed description.

All surveys are subject to sampling error because not all members of the population are interviewed. Most results on the total sample for this monthly survey will differ by no more than 4 percentage points in either direction from what would have been obtained by using the same methods on the entire population. See the back of this book for sampling error information.

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CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

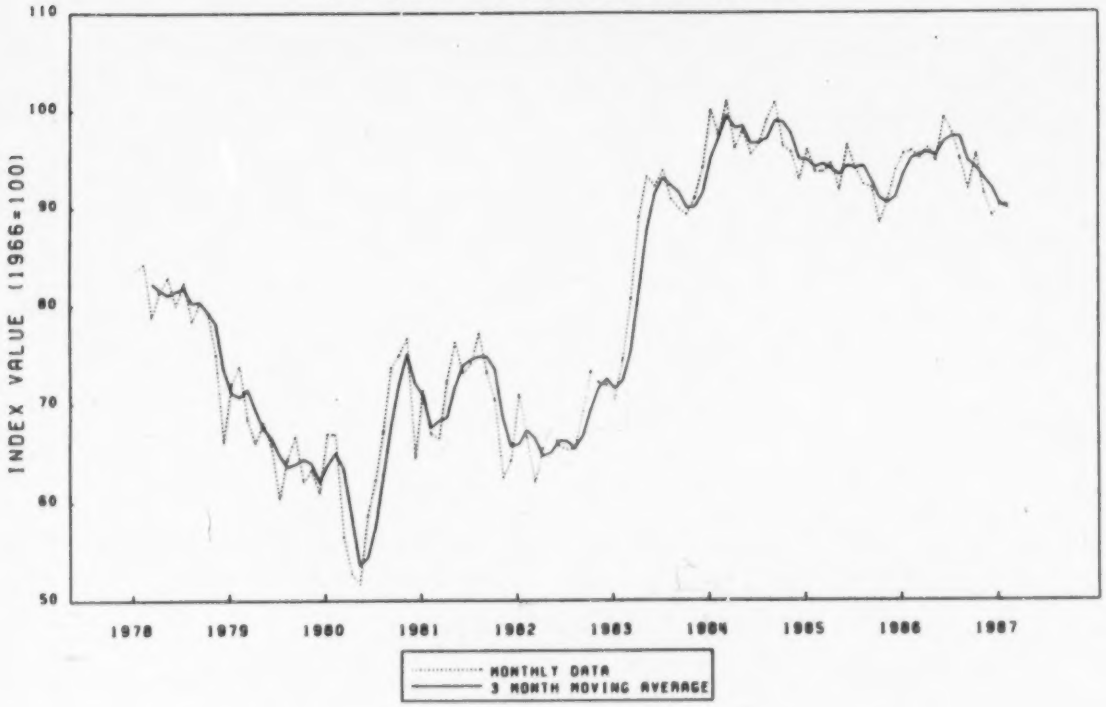


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT

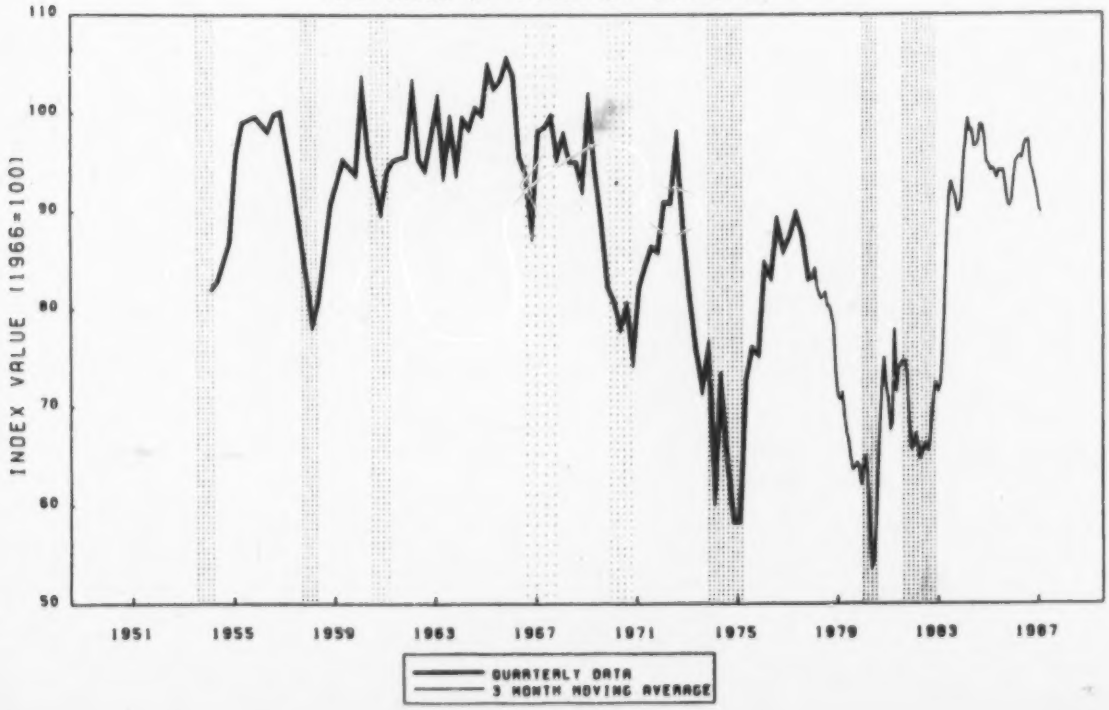


TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over $30,000	Families with incomes over $40,000
February 1984	97.4	114.3	116.8
March 1984	101.0	117.8	118.3
April 1984	96.1	107.0	107.8
May 1984	98.1	107.8	108.9
June 1984	95.5	105.5	108.6
July 1984	96.6	102.7	109.2
August 1984	99.1	113.3	116.4
September 1984	100.9	110.8	112.9
October 1984	96.3	113.5	114.8
November 1984	95.7	112.9	113.6
December 1984	92.9	101.5	101.7
January 1985	96.0	110.2	112.1
February 1985	93.7	113.8	113.8
March 1985	93.7	110.8	114.4
April 1985	94.6	108.9	114.9
May 1985	91.8	105.3	107.7
June 1985	96.5	107.4	110.3
July 1985	94.0	105.2	109.5
August 1985	92.4	106.7	110.2
September 1985	92.1	101.7	104.9
October 1985	88.4	99.6	107.4
November 1985	90.9	100.8	100.3
December 1985	93.9	106.0	108.3
January 1986	95.6	109.7	110.1
February 1986	95.9	107.8	109.0
March 1986	95.1	102.9	110.2
April 1986	96.2	106.9	111.0
May 1986	94.8	105.5	109.9
June 1986	99.3	110.6	112.4
July 1986	97.7	109.6	108.5
August 1986	94.9	105.0	106.6
September 1986	91.9	99.5	102.1
October 1986	95.6	102.8	105.5
November 1986	91.4	97.5	98.7
December 1986	89.1	98.7	98.3
January 1987	90.4	101.2	104.0
February 1987	90.2	103.6	103.6

CHART 2A - HISTORICAL SERIES

INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

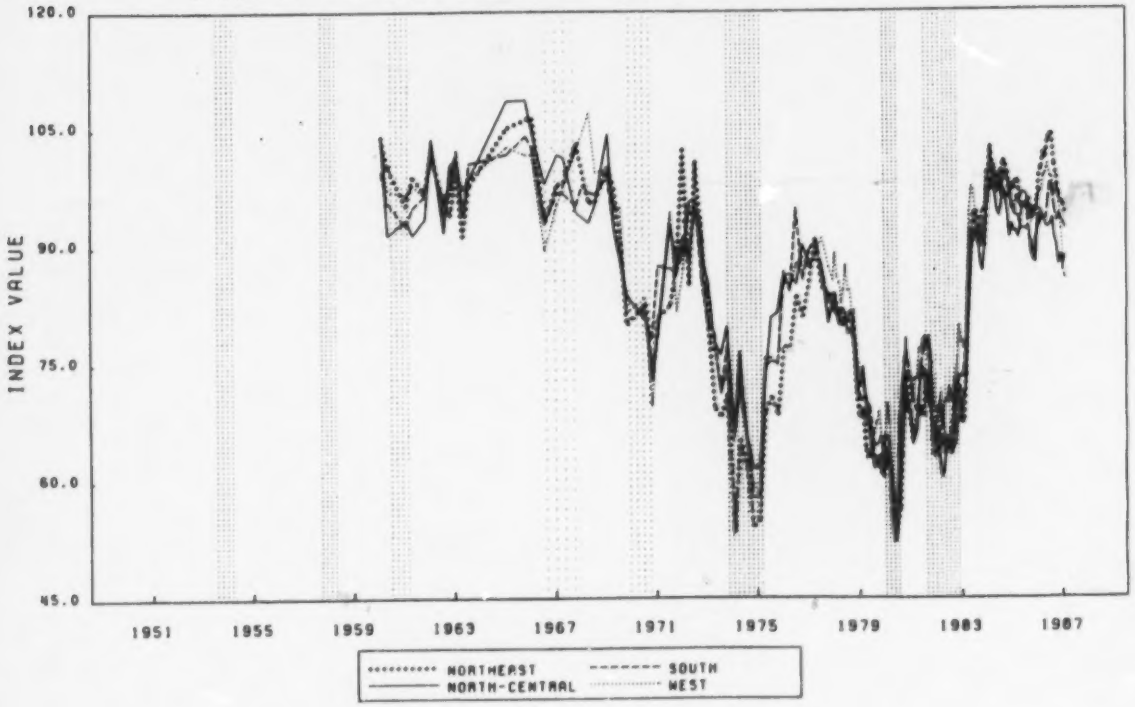


CHART 2B - HISTORICAL SERIES

INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

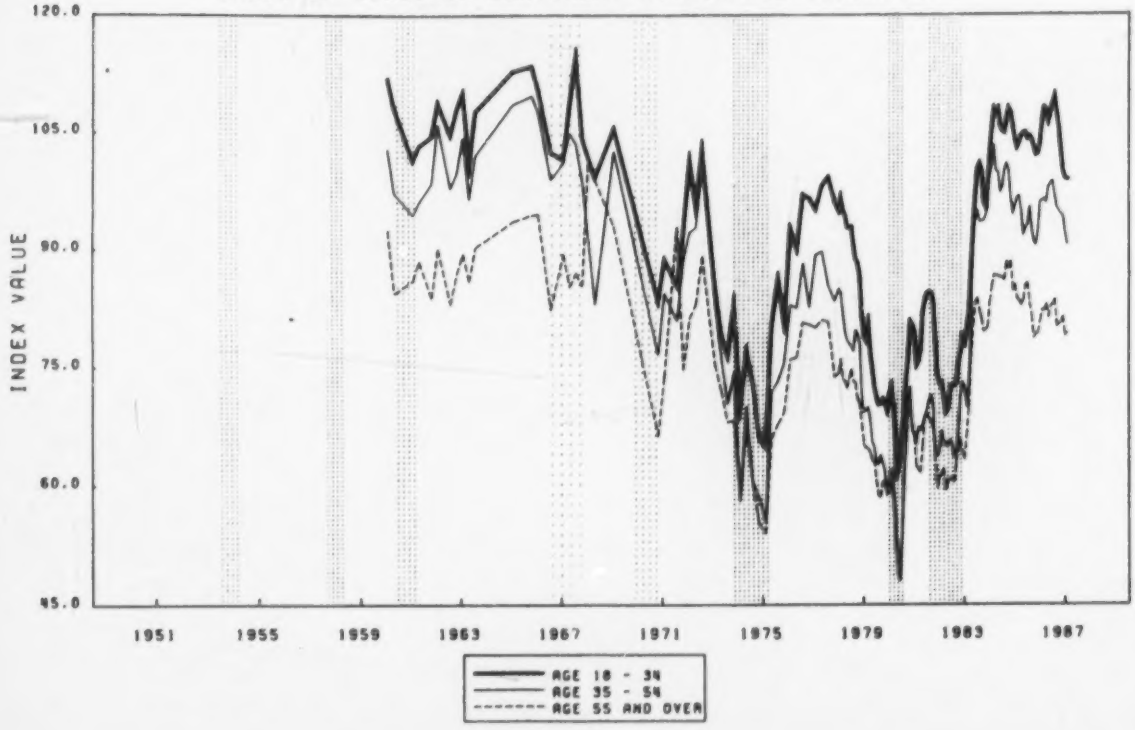


TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY	CENSUS REGION				AGE OF RESPONDENT		
	North East	North Central	South	West	18-34	35-54	55+
February 1984	102.3	98.4	93.5	97.1	106.2	98.9	86.5
March 1984	104.8	98.5	102.1	97.5	109.9	105.2	86.6
April 1984	92.8	96.1	96.5	100.5	107.2	95.4	86.0
May 1984	98.8	96.3	96.5	103.9	107.5	98.8	86.6
June 1984	100.1	92.1	95.0	93.7	103.0	97.1	85.9
July 1984	94.3	92.5	100.5	99.3	104.9	98.2	87.1
August 1984	103.1	100.2	97.5	95.4	106.8	105.3	85.2
September 1984	105.0	99.3	99.7	99.9	108.5	99.9	93.3
October 1984	92.5	89.4	100.9	101.7	108.9	95.5	84.2
November 1984	100.3	93.3	95.6	94.1	105.5	94.0	88.1
December 1984	94.8	90.3	93.4	94.0	102.9	94.1	82.2
January 1985	98.2	94.5	94.6	97.8	104.2	99.0	86.6
February 1985	97.9	90.4	96.6	89.7	102.0	97.0	82.3
March 1985	98.3	90.6	89.8	101.1	104.7	94.7	82.0
April 1985	98.1	91.7	94.8	95.3	106.9	92.9	84.3
May 1985	88.8	94.0	91.9	91.3	103.2	87.9	84.6
June 1985	97.7	90.4	99.0	103.6	105.0	97.8	87.9
July 1985	98.4	91.8	92.9	94.8	104.4	93.7	84.8
August 1985	90.7	93.4	93.6	90.6	104.2	94.9	77.3
September 1985	98.5	91.5	87.0	97.5	103.7	89.6	82.8
October 1985	92.3	81.7	90.7	90.0	101.6	88.6	76.0
November 1985	92.8	90.7	88.4	93.1	101.1	93.5	79.3
December 1985	98.2	90.8	92.0	98.1	103.8	95.3	82.6
January 1986	96.7	93.9	98.2	93.7	105.5	99.4	80.8
February 1986	103.4	92.7	93.2	98.0	109.7	94.1	83.8
March 1986	99.1	94.9	91.3	98.9	109.1	96.0	82.0
April 1986	102.7	92.3	94.4	99.5	104.8	97.8	83.6
May 1986	101.2	90.1	93.5	98.8	104.9	99.9	78.3
June 1986	106.2	94.1	98.5	102.7	112.7	97.9	86.6
July 1986	103.9	93.4	101.7	94.7	108.2	98.6	84.5
August 1986	102.5	92.6	90.5	98.2	107.9	95.2	80.1
September 1986	94.6	87.0	91.9	95.8	106.3	92.4	76.1
October 1986	99.1	90.0	96.5	99.3	102.5	97.3	85.7
November 1986	95.8	85.6	93.2	92.3	99.5	94.2	80.4
December 1986	91.8	90.4	89.5	84.0	98.0	91.3	78.3
January 1987	98.1	85.9	96.0	83.9	99.9	91.2	78.4
February 1987	92.4	89.5	90.7	89.2	99.1	89.2	81.5

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

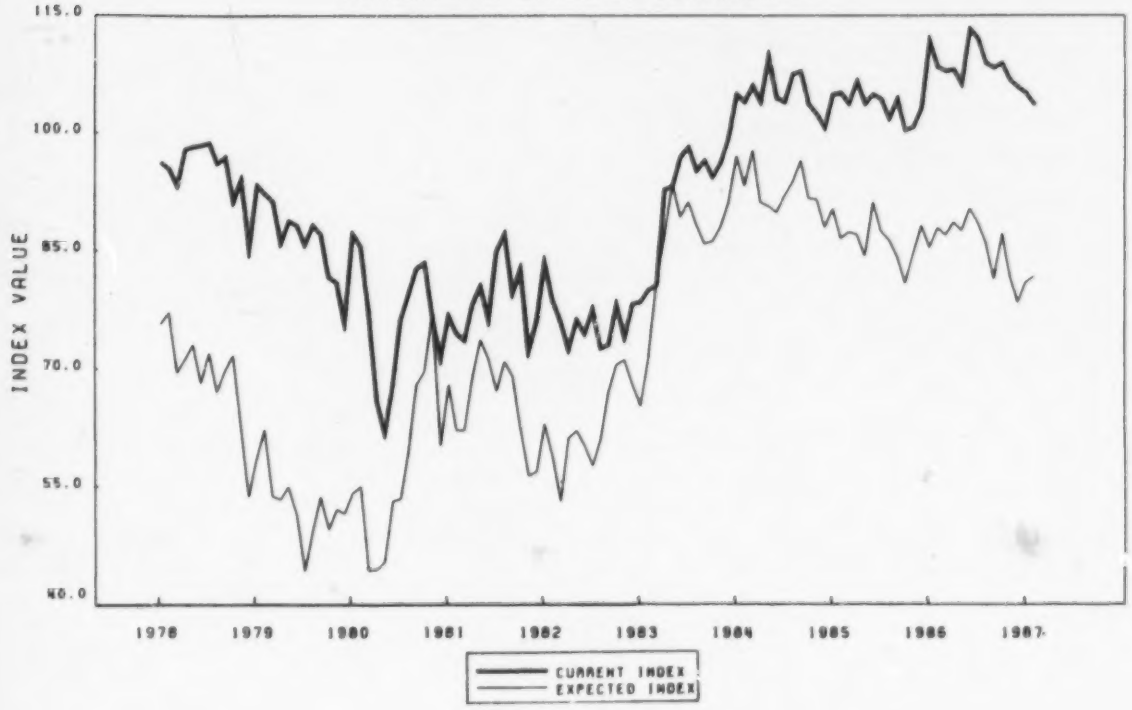


CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

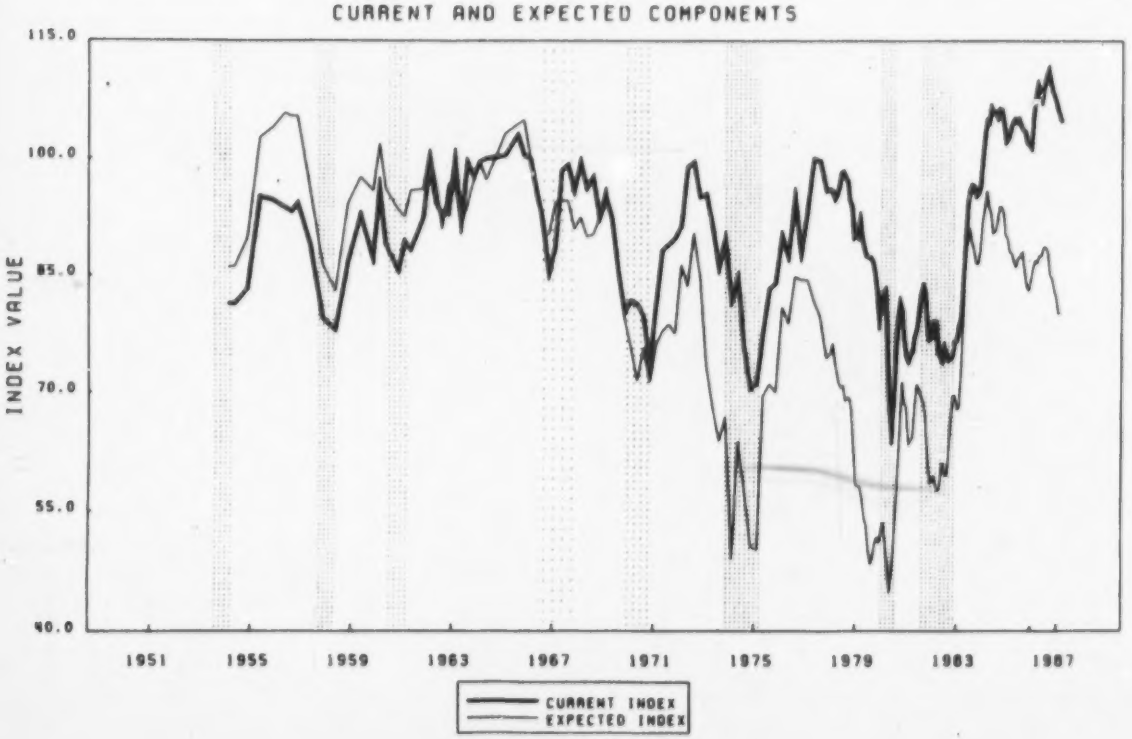


TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	INDEX COMPONENTS +						
	Personal finances		Business conditions				
	Current	Expected	12 months	5 years	Buying conds.	Current Index	Expected Index
	(1)	(2)	(3)	(4)	(5)	(1,5)	(2,3,4)
February 1984	119	130	139	106	151	103.9	93.2
March 1984	122	135	146	113	153	106.0	97.7
April 1984	116	125	136	107	152	103.5	91.4
May 1984	121	129	131	105	164	109.8	90.6
June 1984	126	124	131	106	145	104.4	89.8
July 1984	117	124	133	113	152	103.9	91.9
August 1984	125	129	137	111	153	107.5	93.7
September 1984	125	131	142	116	154	107.8	96.4
October 1984	118	127	134	107	150	103.6	91.6
November 1984	121	129	132	107	144	102.4	91.5
December 1984	118	125	131	98	143	100.6	87.9
January 1985	119	124	135	104	153	104.9	90.3
February 1985	115	120	131	96	158	105.1	86.5
March 1985	112	123	133	96	156	103.7	87.3
April 1985	116	127	128	95	161	106.6	87.0
May 1985	116	120	121	97	152	103.7	84.2
June 1985	115	127	133	106	157	104.9	91.1
July 1985	116	124	129	98	154	104.3	87.4
August 1985	112	123	125	99	152	101.8	86.3
September 1985	116	124	118	96	155	104.3	84.2
October 1985	111	123	111	90	148	100.3	80.8
November 1985	111	124	120	96	150	100.7	84.5
December 1985	120	124	127	103	147	103.1	88.1
January 1986	122	123	126	93	168	111.8	85.3
February 1986	117	123	132	98	164	108.4	87.8
March 1986	120	124	129	96	160	107.9	86.9
April 1986	120	128	133	94	160	108.1	88.5
May 1986	117	129	131	92	158	106.2	87.5
June 1986	124	127	136	100	170	113.3	90.3
July 1986	126	130	131	94	165	112.1	88.5
August 1986	121	128	123	94	161	108.9	85.9
September 1986	120	127	115	84	161	108.3	81.3
October 1986	120	127	124	99	162	108.9	87.1
November 1986	121	121	120	87	155	106.7	81.6
December 1986	116	127	104	83	158	105.8	78.3
January 1987	120	130	117	77	152	105.1	80.9
February 1987	115	126	117	84	153	103.7	81.6

(1) See Table 4.
(2) See Table 6.
(3) See Table 15.
(4) See Table 16.
(5) See Table 21.
+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

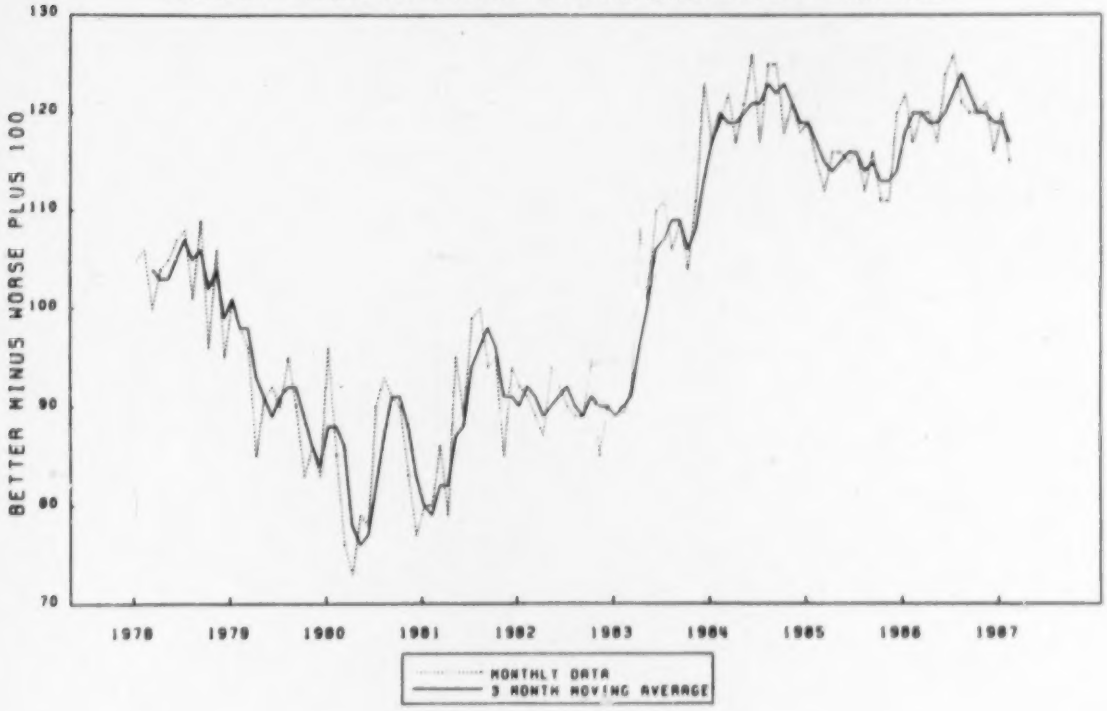


CHART 4 - HISTORICAL SERIES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

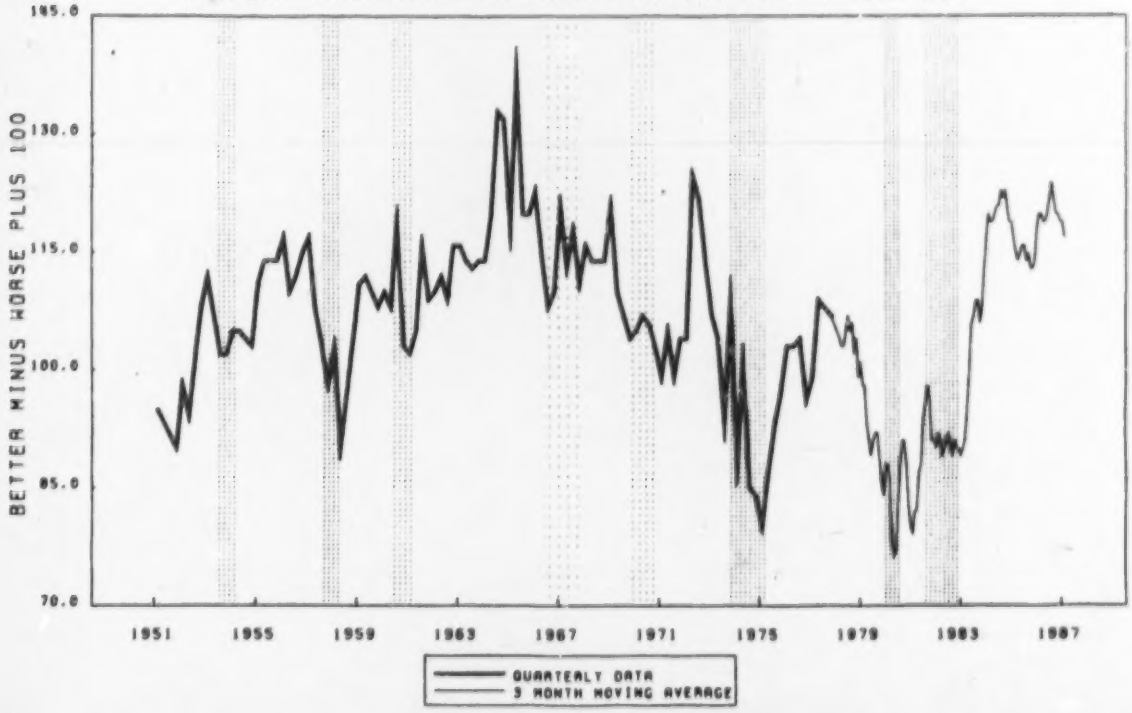


TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
BETTER OFF	44%	44%	45%	42%	47%	49%	46%	45%	44%	43%	43%	45%	44%
SAME	29	32	30	33	29	28	28	30	32	35	30	29	27
WORSE OFF	27	24	25	25	23	23	25	25	24	22	27	25	29
DK,NA	*	*	*	*	1	*	1	*	*	*	*	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

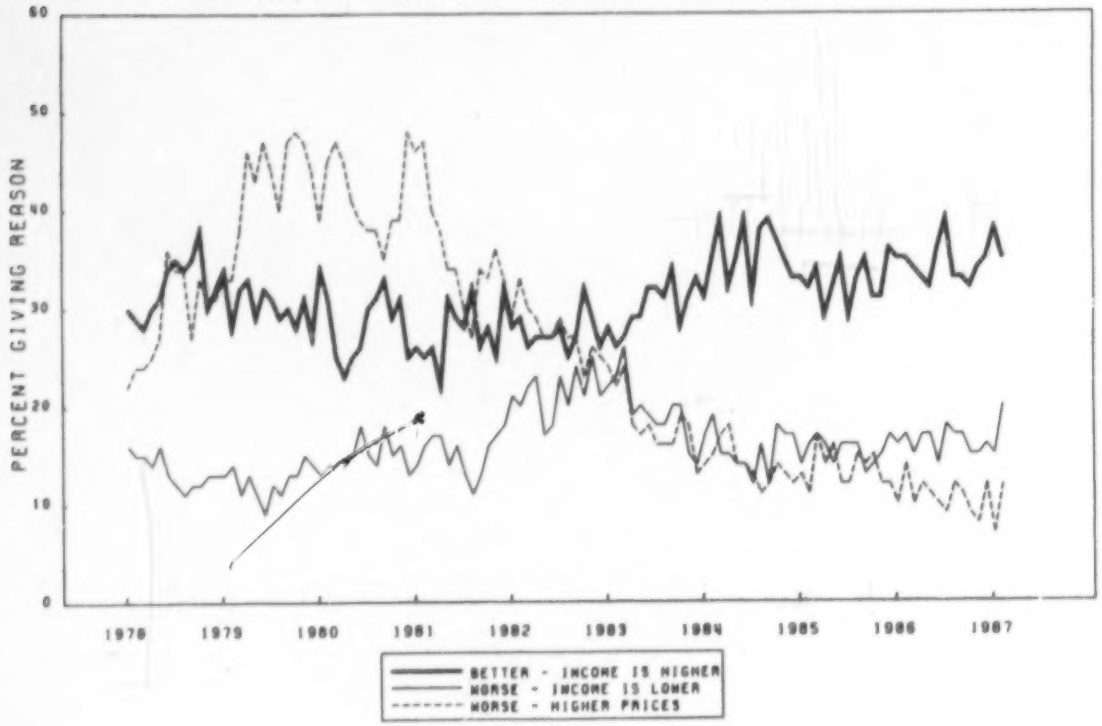


CHART 5 - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION

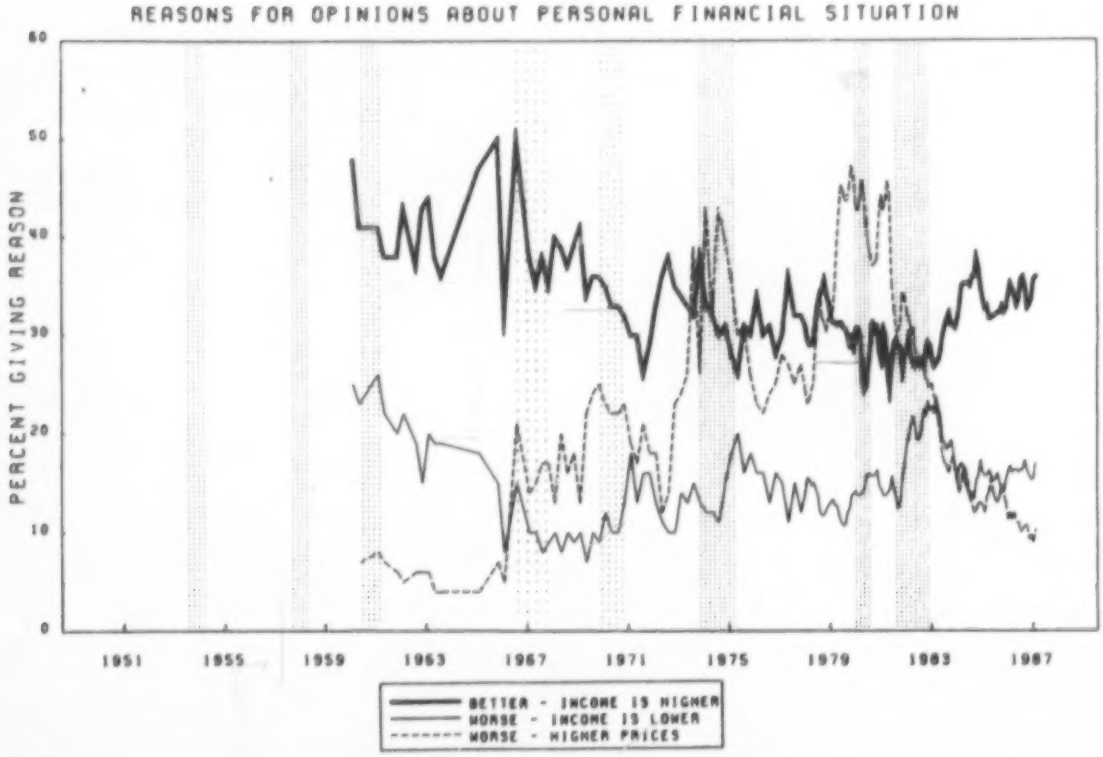


TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
BETTER OFF THAN YEAR AGO:													
Income is higher	35%	34%	33%	32%	36%	39%	33%	33%	32%	34%	35%	38%	35%
WORSE OFF THAN YEAR AGO:													
Income is lower	17	15	17	17	14	18	17	17	15	15	16	15	20
Higher prices	14	10	12	11	10	9	12	11	9	8	12	7	12

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES

EXPECTED CHANGE IN FINANCIAL SITUATION

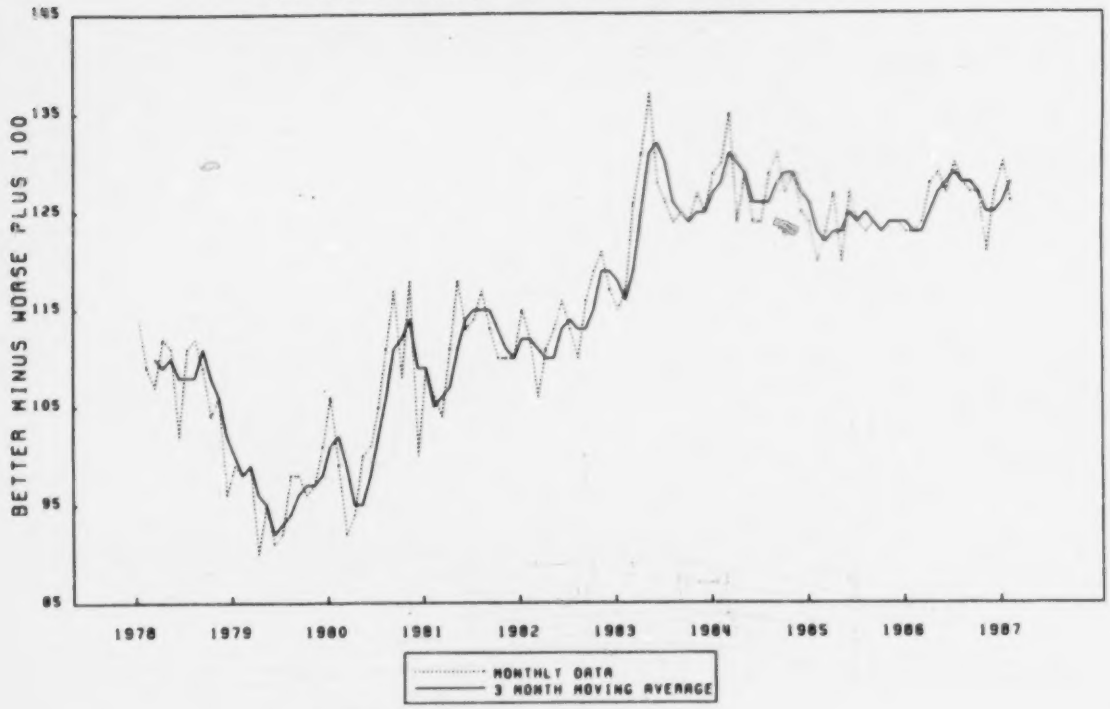


CHART 6 - HISTORICAL SERIES

EXPECTED CHANGE IN FINANCIAL SITUATION

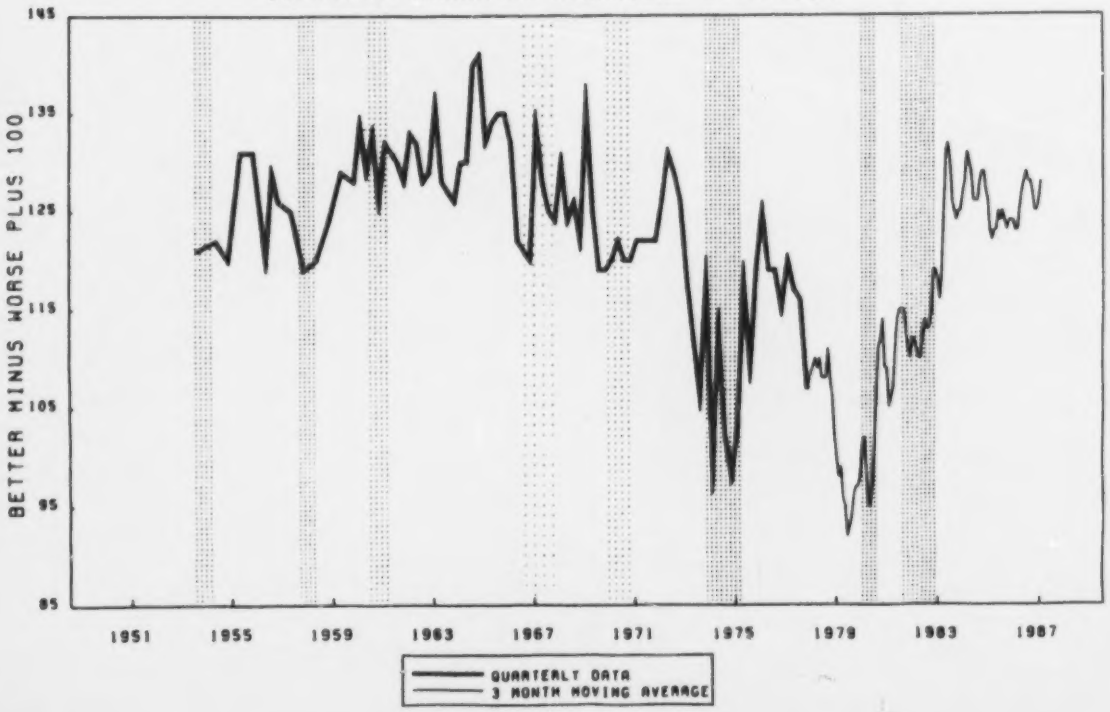


TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
BETTER OFF	35%	37%	38%	40%	38%	38%	39%	38%	37%	33%	36%	39%	38%
SAME	50	47	49	47	49	52	48	47	51	52	52	48	48
WORSE OFF	12	13	10	11	11	8	11	11	10	12	9	9	12
DK,NA	3	3	3	2	2	2	2	4	2	3	3	4	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES

TREND IN PERSONAL FINANCIAL SITUATION

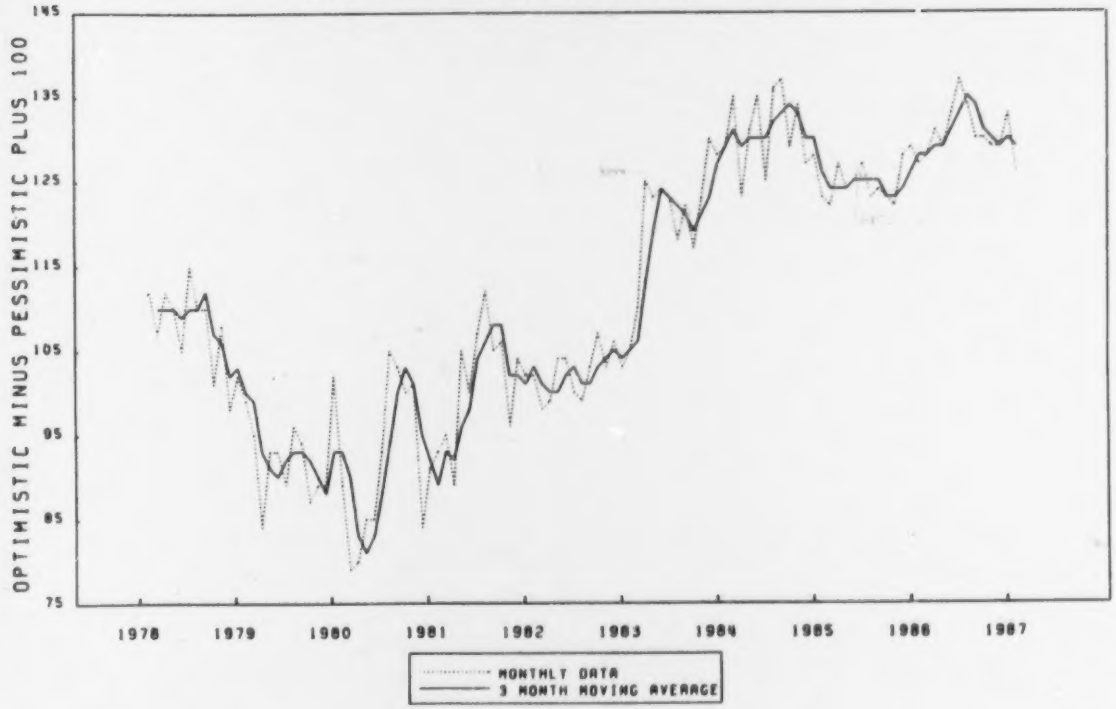


CHART 7 - HISTORICAL SERIES

TREND IN PERSONAL FINANCIAL SITUATION

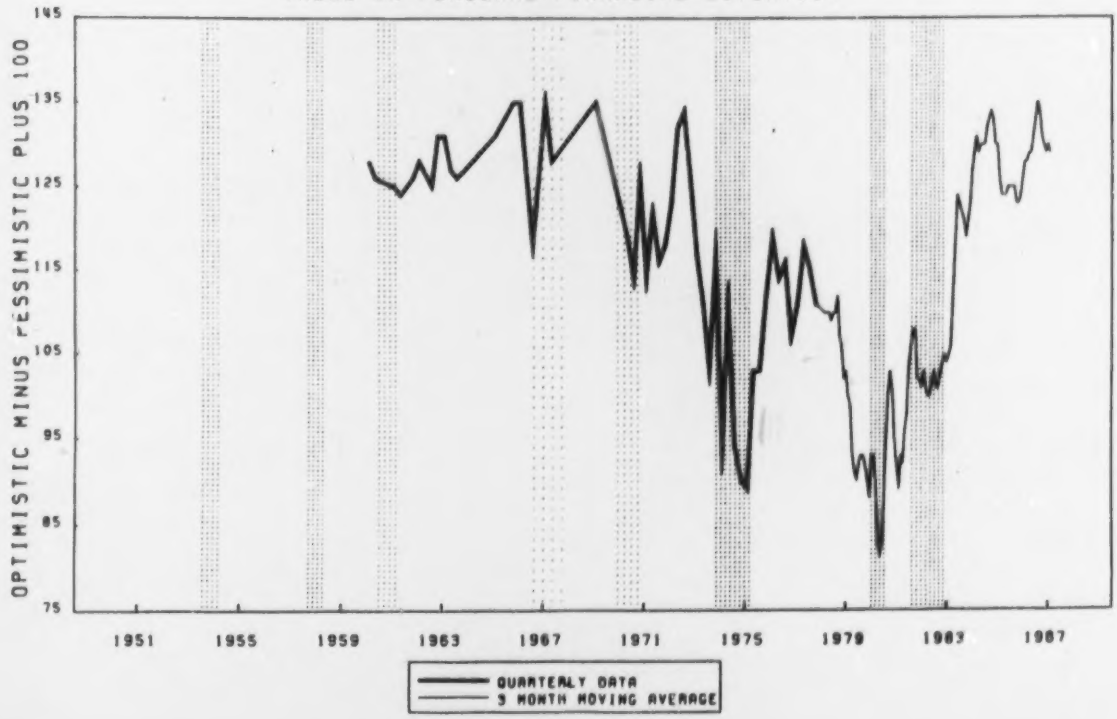


TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	20%	22%	23%	22%	22%	23%	21%	21%	22%	18%	18%	22%	22%
Intermittant increase (b)	29	27	28	26	29	29	32	29	27	29	29	28	27
Remain unchanged (c)	16	18	16	19	18	19	15	16	19	22	19	17	15
Intermittant decline (d)	16	14	16	15	14	12	13	15	16	13	14	14	17
Continuous decline (e)	6	7	4	4	4	3	6	5	3	5	4	3	6
Mixed change (f)	11	9	10	11	11	11	11	10	11	10	13	12	11
DK,NA	2	3	3	3	2	3	2	4	2	3	3	4	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

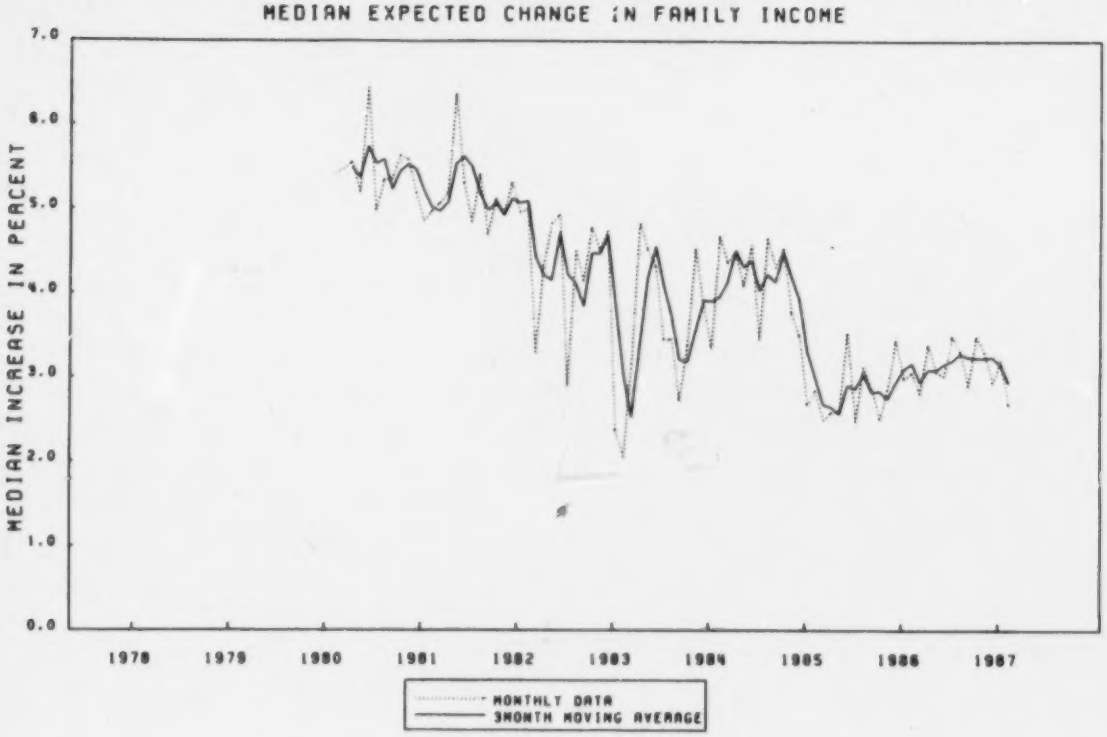


CHART 8 - HISTORICAL SERIES

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

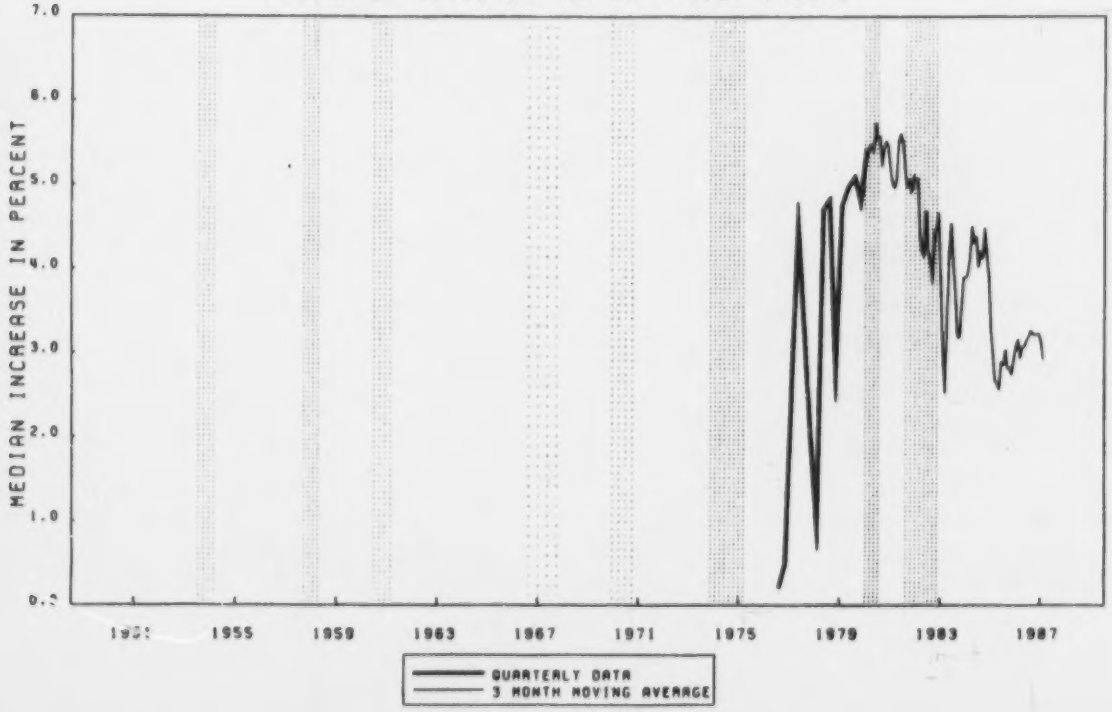


TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
EXPECT INCREASE:													
1-4%	17%	16%	13%	16%	15%	15%	16%	16%	14%	17%	18%	16%	15%
5%	10	10	9	9	11	12	11	15	12	13	12	11	12
6-9%	8	6	8	10	8	8	7	7	6	9	8	8	5
10-24%	16	14	19	15	15	17	14	15	19	15	14	17	15
25% or more	6	7	7	6	7	8	9	4	7	6	6	6	6
DK how much up	3	4	3	3	3	4	5	3	3	4	4	4	6
EXPECT SAME	27	27	25	25	25	22	24	26	26	23	26	25	27
EXPECT DOWN	12	15	15	14	14	14	13	13	12	12	12	12	14
DK,NA	1	1	1	2	2	*	1	1	1	1	*	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

* : Less than half of one percent.

CHART 9 - RECENT CHANGES

INCOME OR PRICES UP MORE NEXT YEAR

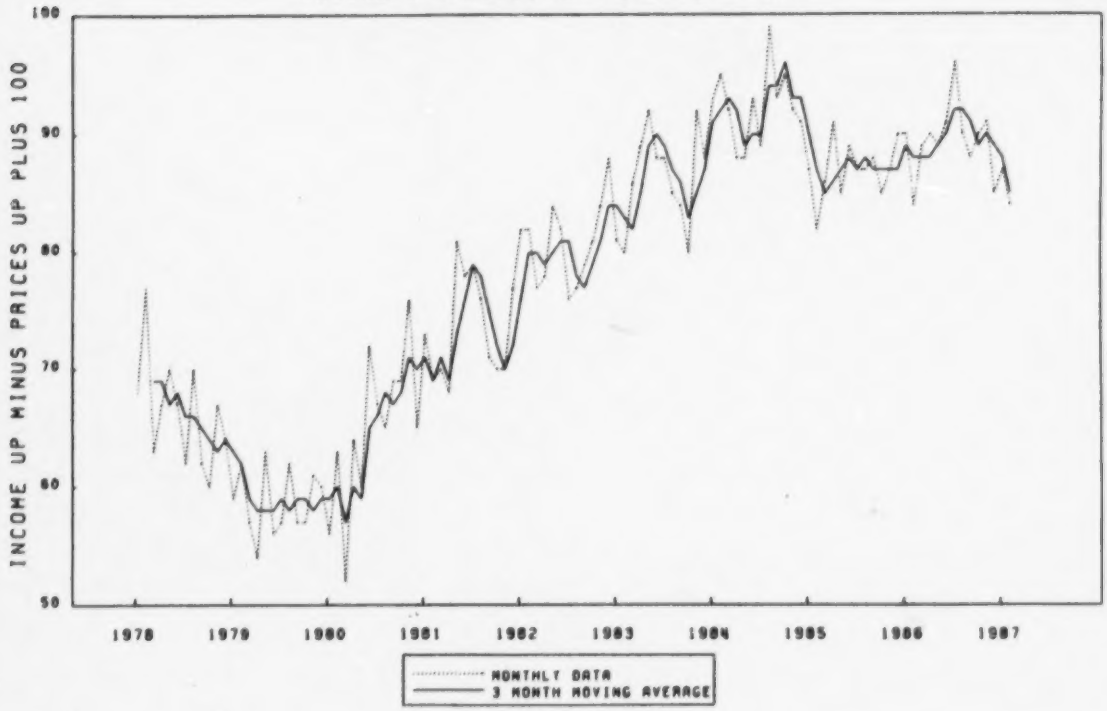


CHART 9 - HISTORICAL SERIES

INCOME OR PRICES UP MORE NEXT YEAR

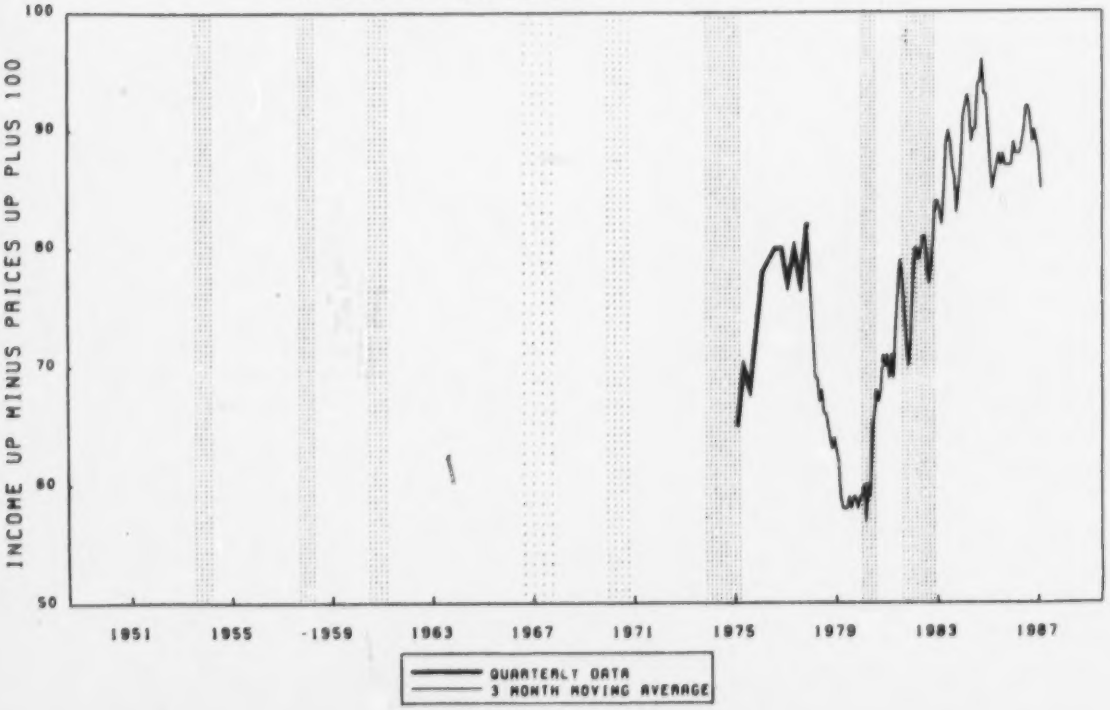


TABLE 9

EXPECTED CHANGE IN REAL FAMILY INCOME

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
INCOME UP MORE	19%	21%	21%	21%	23%	24%	22%	20%	22%	21%	19%	22%	20%
INCOME UP SAME	43	44	45	44	43	47	44	47	45	47	45	41	42
PRICES UP MORE	35	32	31	32	32	28	32	32	32	30	34	35	36
DK,NA	3	3	3	3	2	1	2	1	1	2	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 10 - RECENT CHANGES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

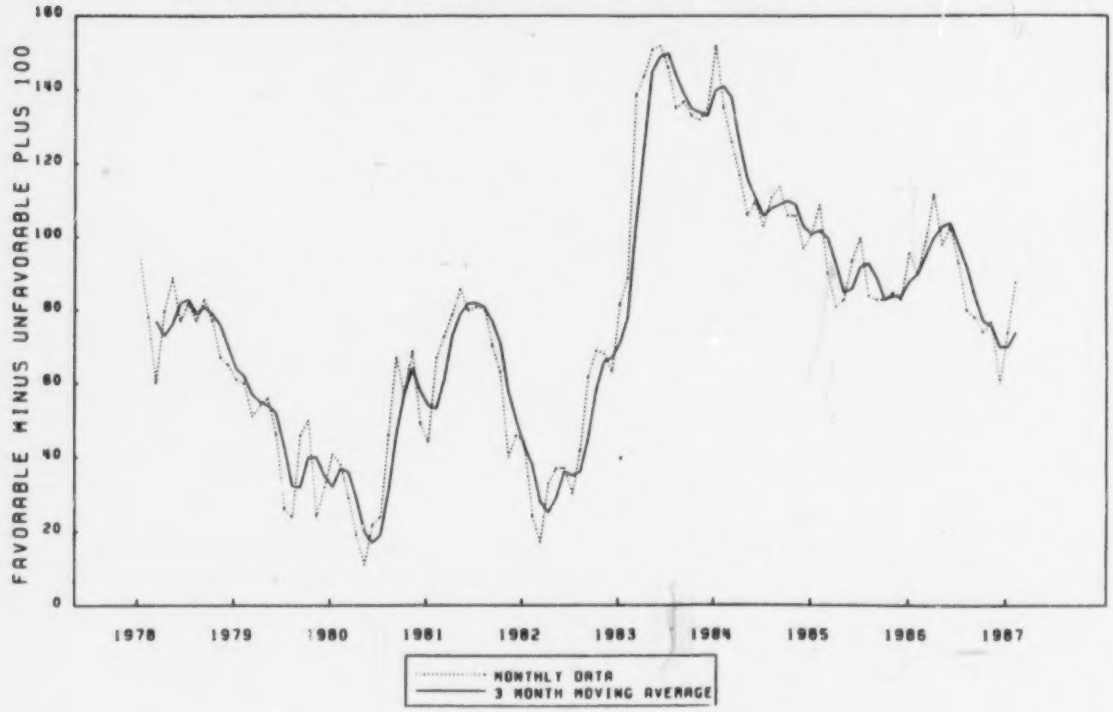


CHART 10 - HISTORICAL SERIES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

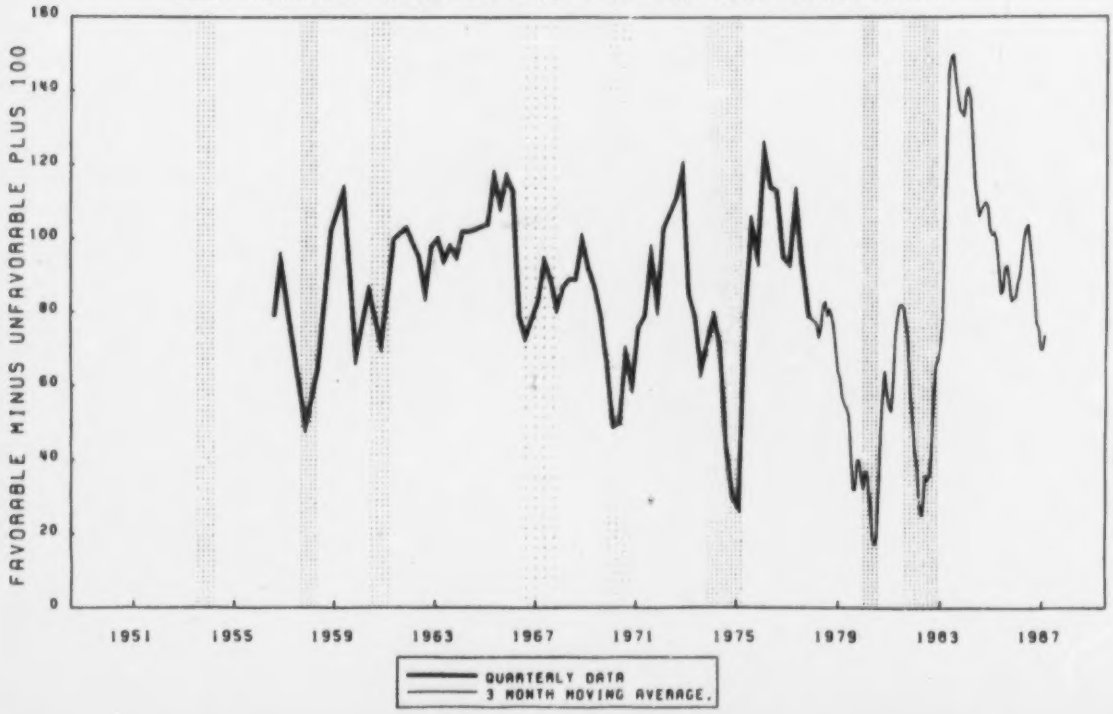


TABLE 10

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
FAVORABLE NEWS	34%	46%	55%	42%	42%	37%	33%	29%	26%	30%	22%	26%	36%
UNFAVORABLE NEWS	44	47	43	44	39	44	53	51	52	53	62	52	48
NO MENTIONS	46	43	38	44	46	45	44	49	48	47	44	44	45

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

CHART 11A - HISTORICAL SERIES

TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

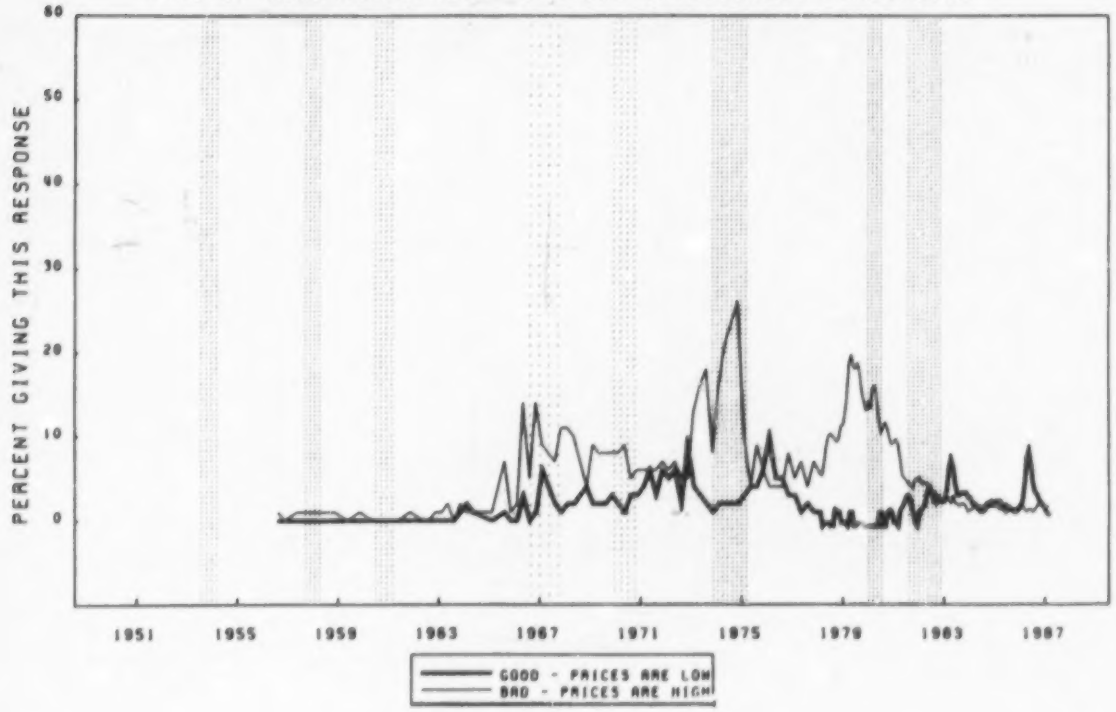


CHART 11B - HISTORICAL SERIES

TYPE OF NEWS HEARD ABOUT CHANGES IN BUSINESS CONDITIONS

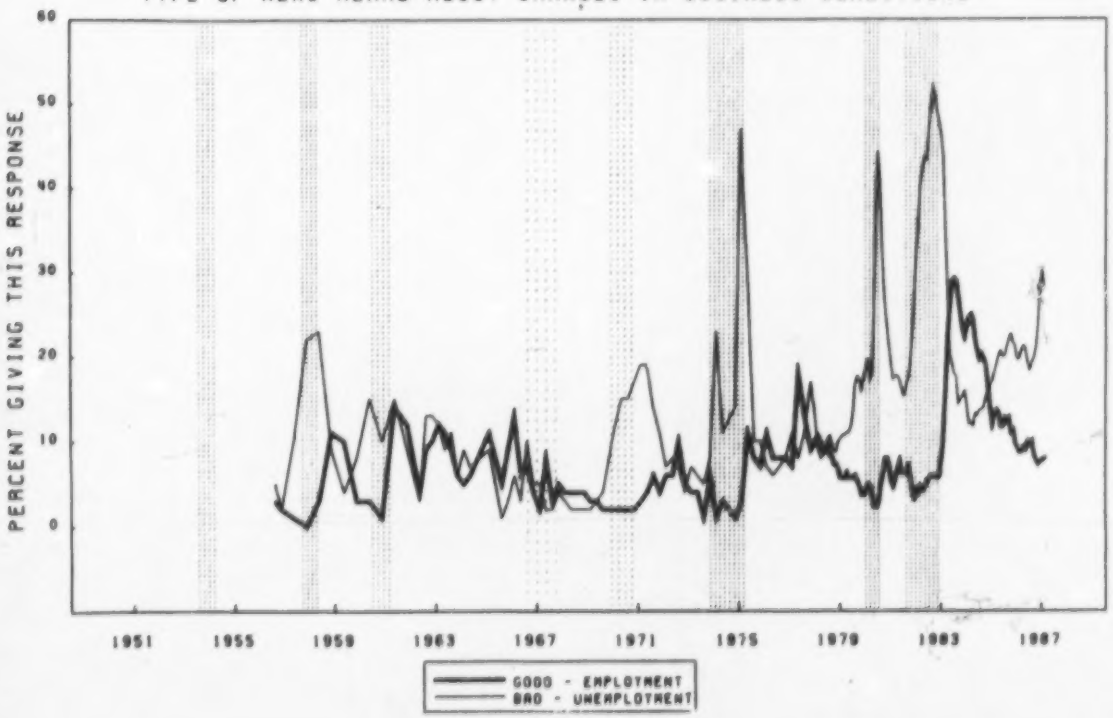


TABLE 11

SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
FAVORABLE NEWS:													
Government; elections	2%	*	1%	2%	3%	3%	2%	2%	1%	3%	1%	2%	2%
Employment	10	8	10	9	11	9	10	6	7	9	7	7	10
Higher consumer demand	1	3	3	2	2	1	3	2	3	2	2	3	3
Lower prices	3	8	11	6	3	4	3	2	2	2	1	*	1
Easier credit	8	15	17	11	9	11	7	11	8	5	5	5	6
UNFAVORABLE NEWS:													
Government; elections	3	3	3	3	4	5	5	6	8	6	8	9	5
Unemployment	21	23	20	20	18	19	21	19	23	29	33	29	23
Lower consumer demand	1	2	2	3	2	1	2	1	2	2	4	2	3
Higher prices	1	1	1	2	1	*	3	2	2	1	2	1	2
Tighter credit	*	*	1	1	2	1	1	1	*	1	1	1	1
Energy crisis	*	*	*	1	*	*	*	*	*	*	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 12 - RECENT CHANGES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

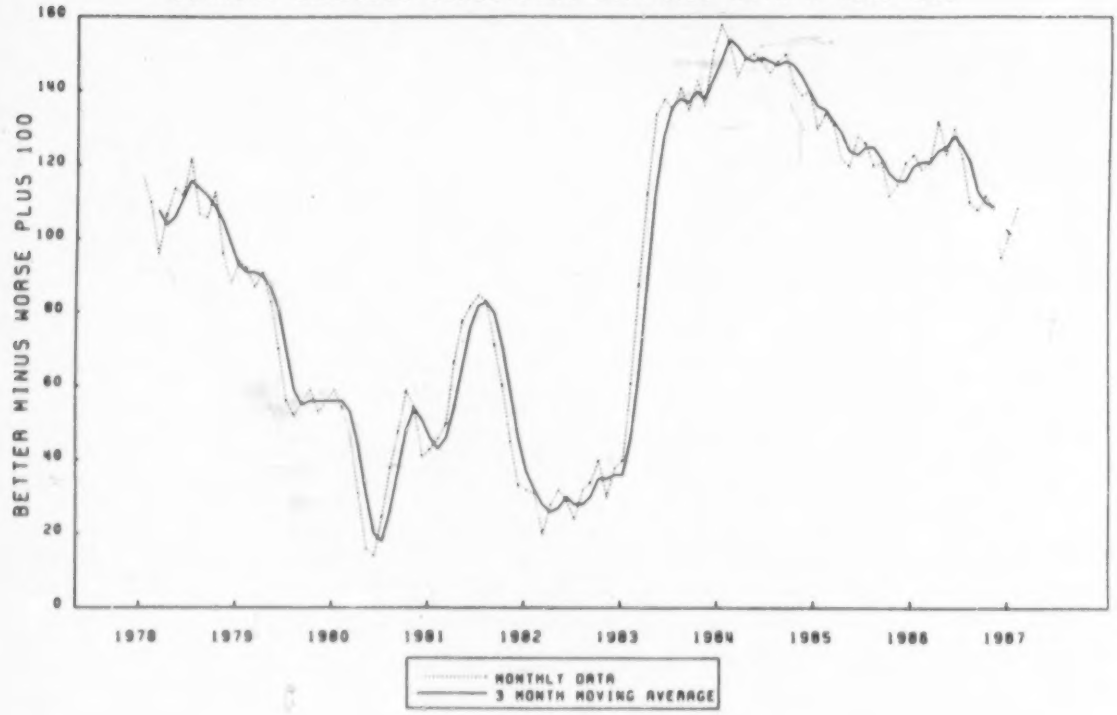


CHART 12 - HISTORICAL SERIES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

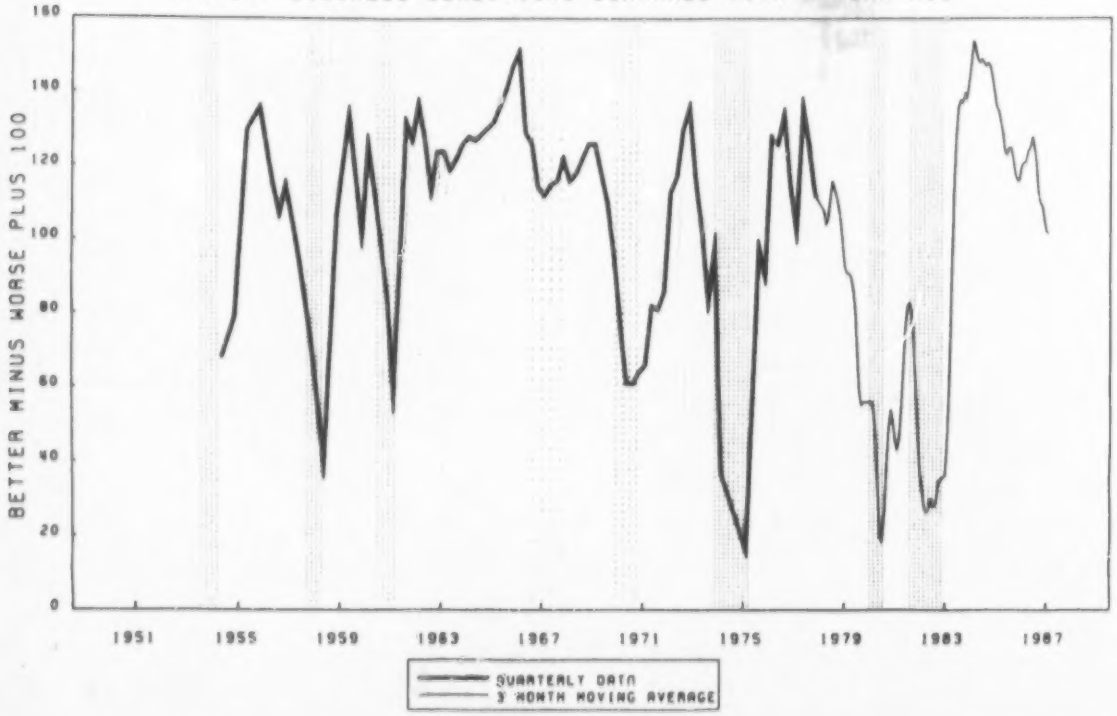


TABLE 12

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
BETTER NOW	51%	53%	61%	54%	60%	53%	47%	47%	47%	45%	40%	43%	47%
SAME	15	13	9	13	8	14	14	13	15	16	13	14	14
WORSE NOW	32	32	29	31	30	31	37	39	35	37	45	41	38
DK,NA	2	2	1	2	2	2	2	1	3	2	2	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 13 - RECENT CHANGES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

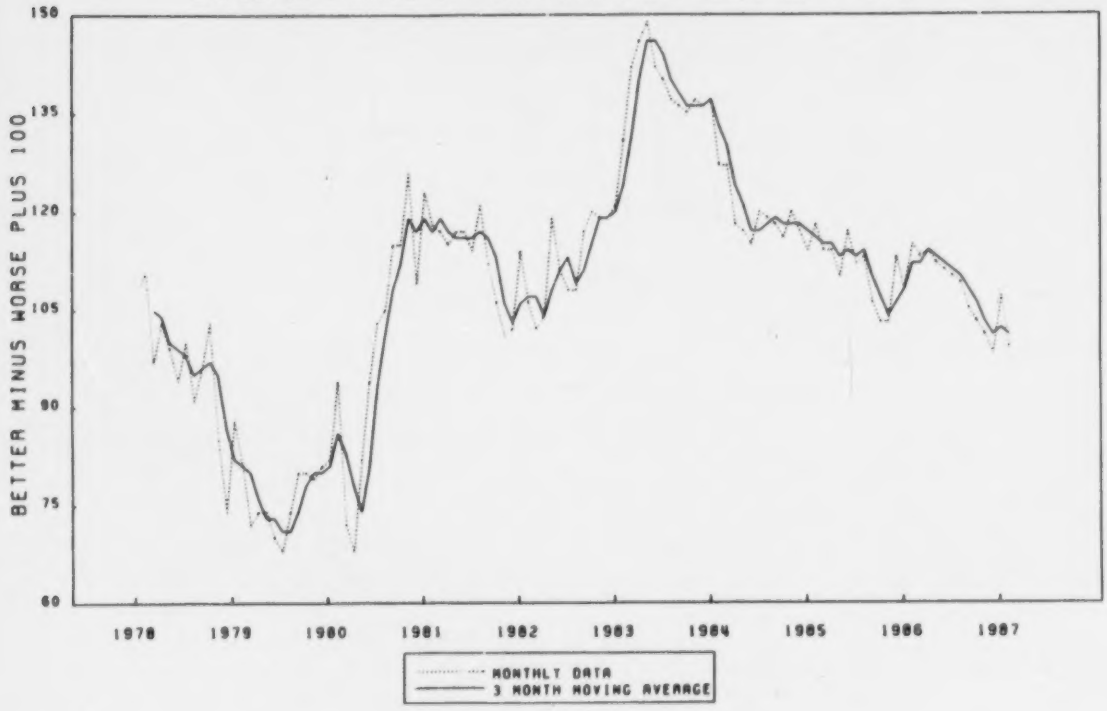


CHART 13 - HISTORICAL SERIES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

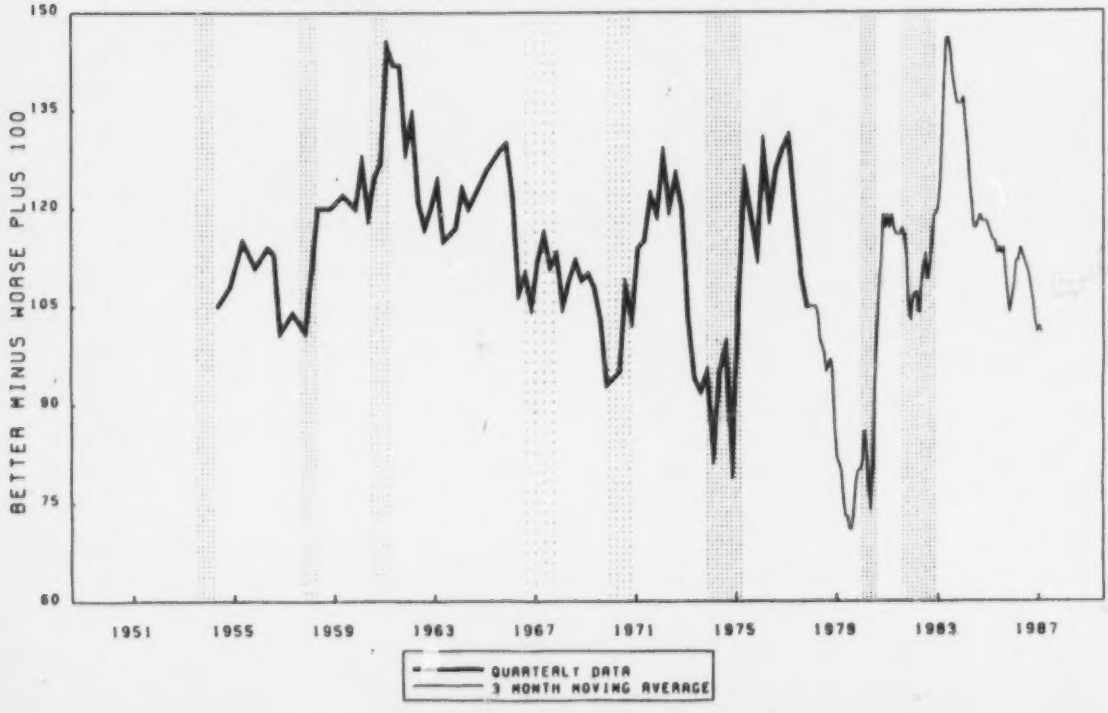


TABLE 13

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
BETTER	27%	29%	29%	26%	25%	24%	26%	23%	21%	20%	20%	24%	22%
SAME	59	53	55	57	60	60	56	55	59	59	56	58	54
WORSE	12	16	15	14	14	14	17	18	18	19	22	17	23
DK,NA	2	2	1	3	1	2	1	4	2	2	2	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

CHART 14 - RECENT CHANGES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

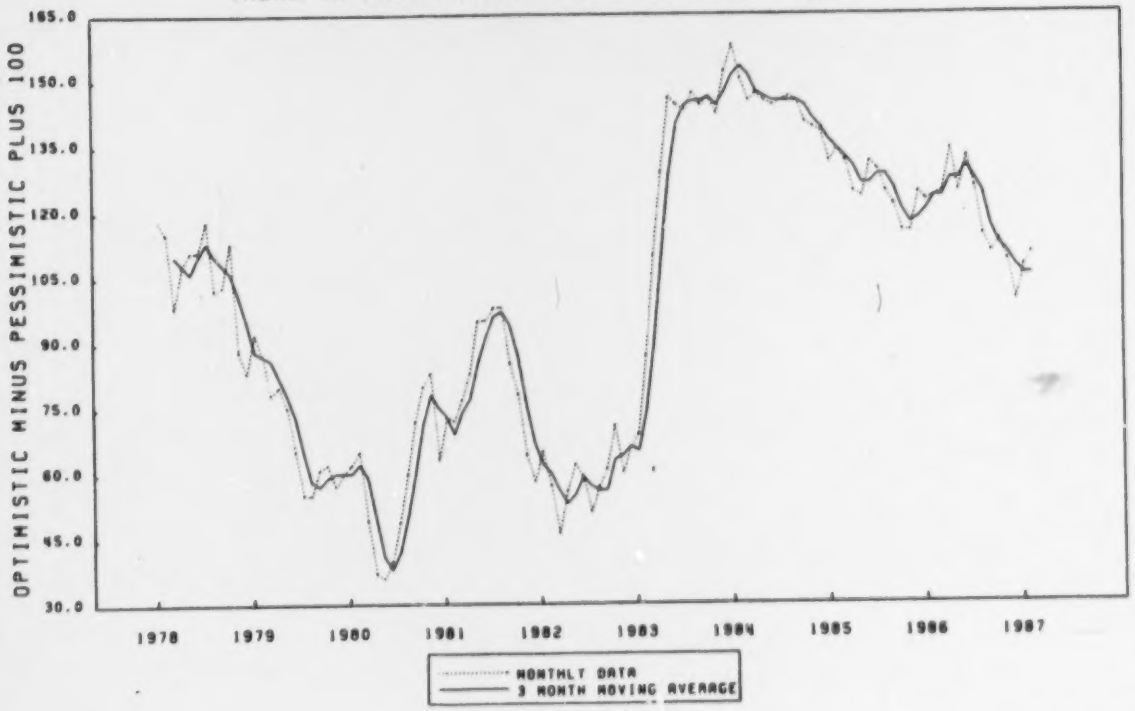


CHART 14 - HISTORICAL SERIES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

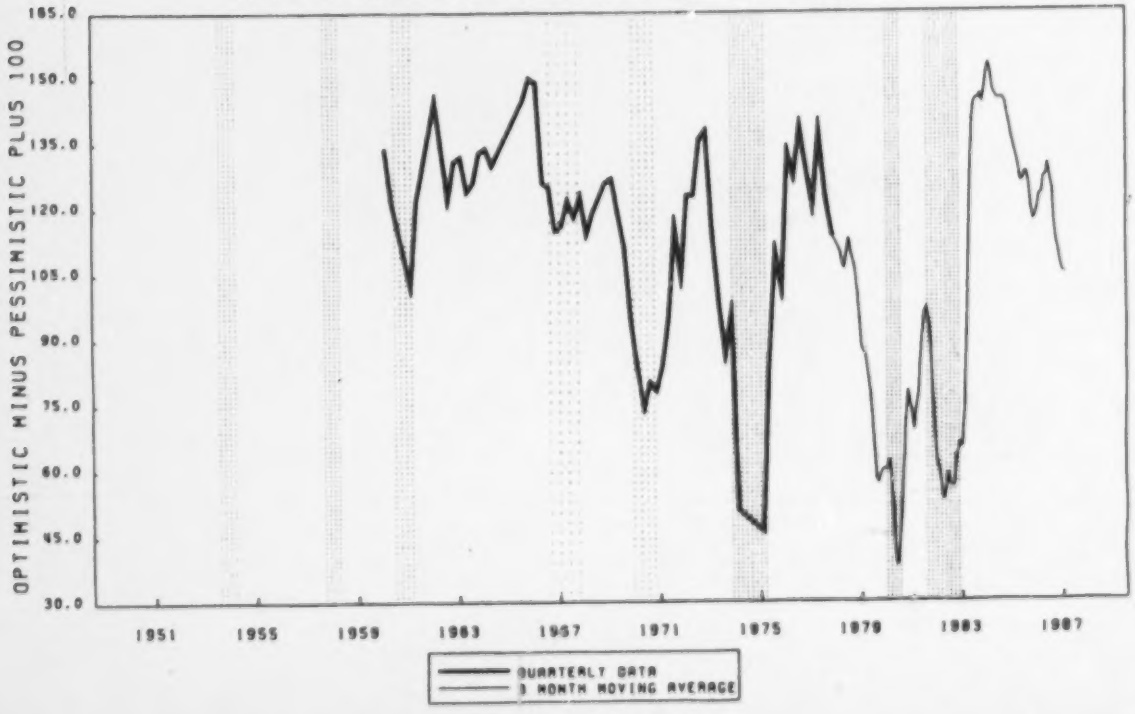


TABLE 14

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
TREND:													
Continuous increase (a)	19%	20%	23%	19%	18%	16%	17%	15%	13%	12%	12%	15%	14%
Intermittant increase (b)	33	32	35	33	41	36	29	29	31	30	27	27	32
Remain unchanged (c)	10	7	7	8	5	10	10	8	10	10	10	10	7
Intermittant decline (d)	20	18	14	20	17	18	20	22	21	23	23	24	21
Continuous decline (e)	9	10	10	8	10	9	12	12	10	11	17	11	15
Mixed change (f)	6	10	8	9	7	8	9	10	11	11	7	10	9
DK,NA	3	3	3	3	2	3	3	4	4	3	4	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

Combination of the responses to the questions on Tables 12 and 13.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 15 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

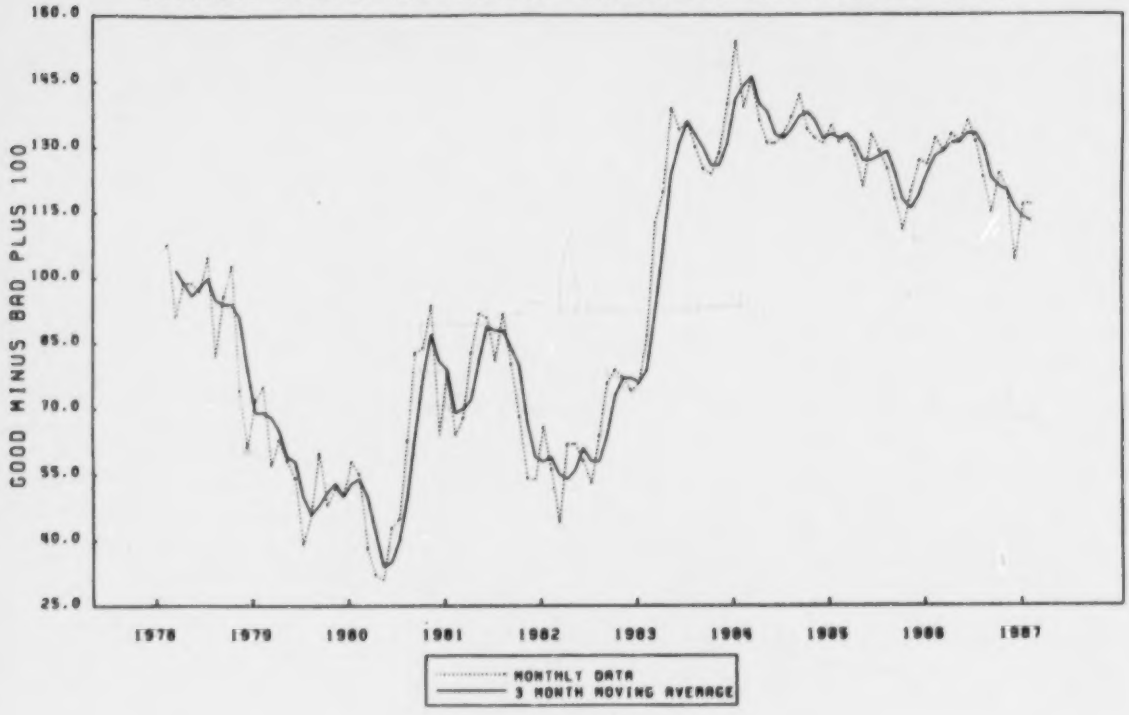


CHART 15 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

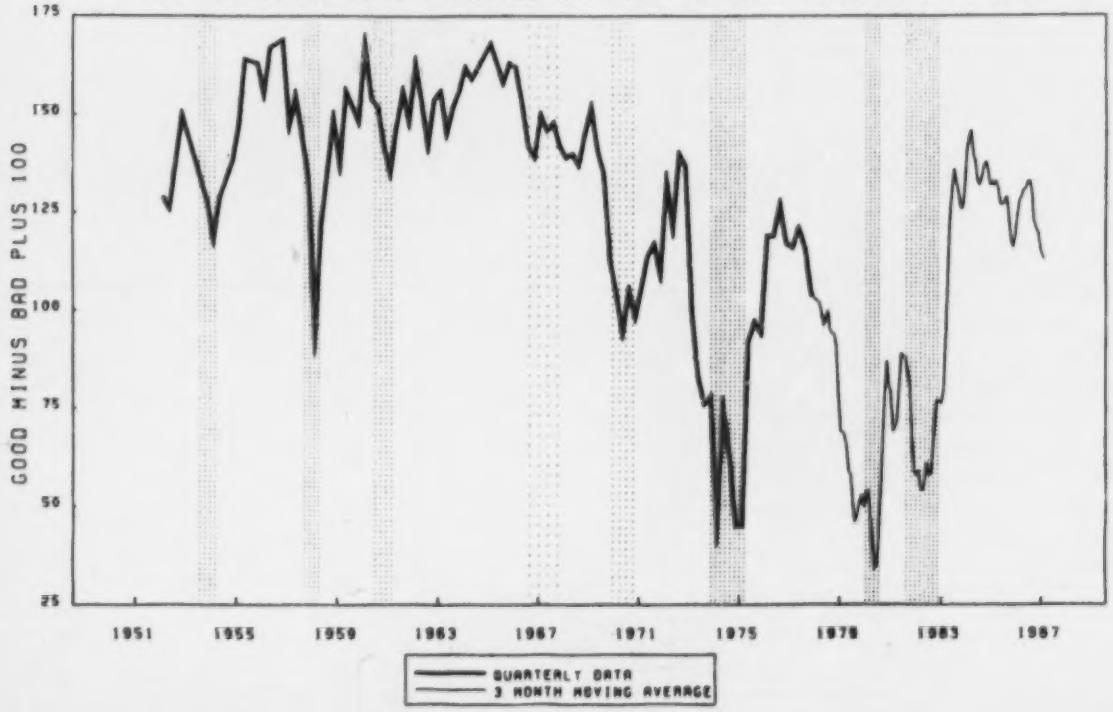


TABLE 15

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GOOD TIMES	61%	58%	61%	60%	62%	61%	55%	50%	55%	53%	45%	53%	53%
UNCERTAIN; GOOD & BAD	2	3	2	2	2	3	4	3	3	3	2	3	1
BAD TIMES	29	29	28	29	26	30	32	35	31	33	41	36	36
DON'T KNOW	4	7	6	5	6	4	5	8	4	5	5	4	5
NOT ASCERTAINED	4	3	3	4	4	2	4	4	7	6	7	4	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 16 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

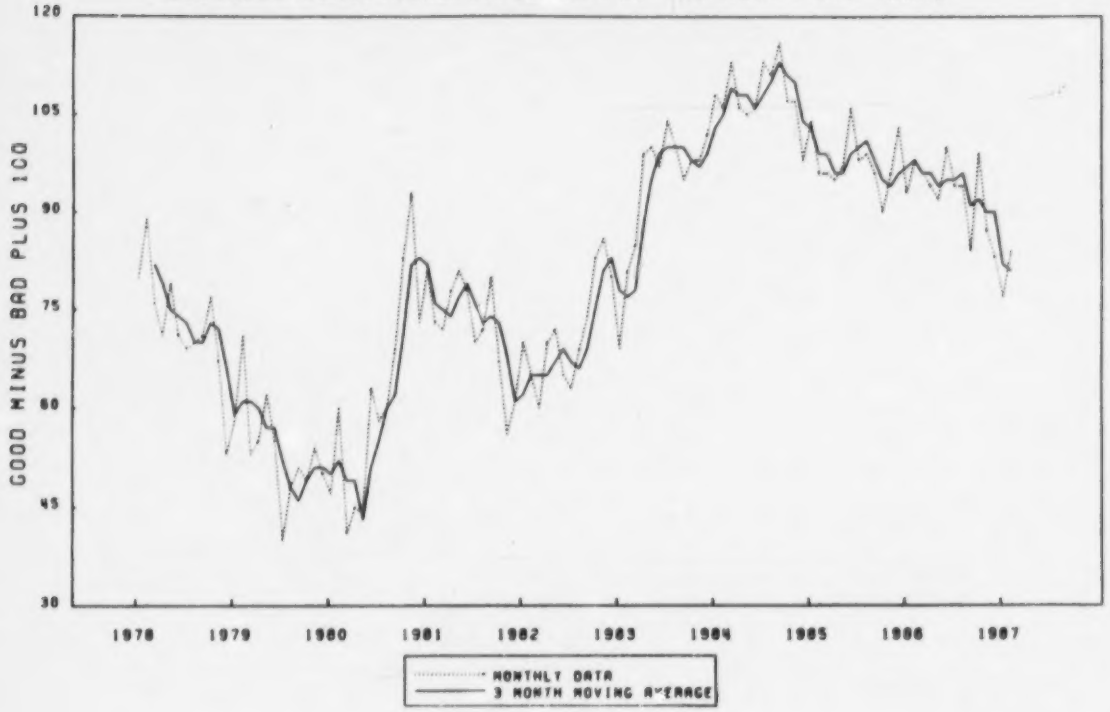


CHART 16 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

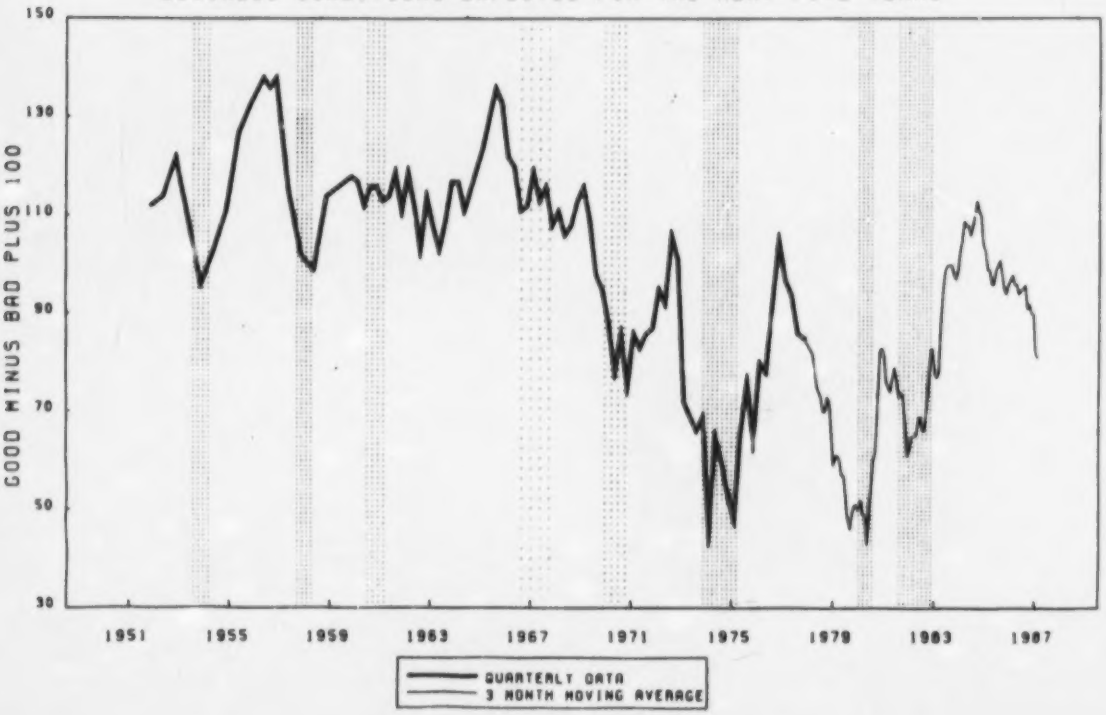


TABLE 16

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GOOD TIMES	42%	39%	36%	37%	40%	38%	39%	33%	41%	35%	33%	30%	34%
UNCERTAIN; GOOD & BAD	11	13	18	14	14	13	10	11	13	14	13	13	12
BAD TIMES	44	43	42	45	40	44	45	49	42	48	50	53	50
NOT ASCERTAINED	3	5	4	4	6	5	6	7	4	3	4	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 17 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

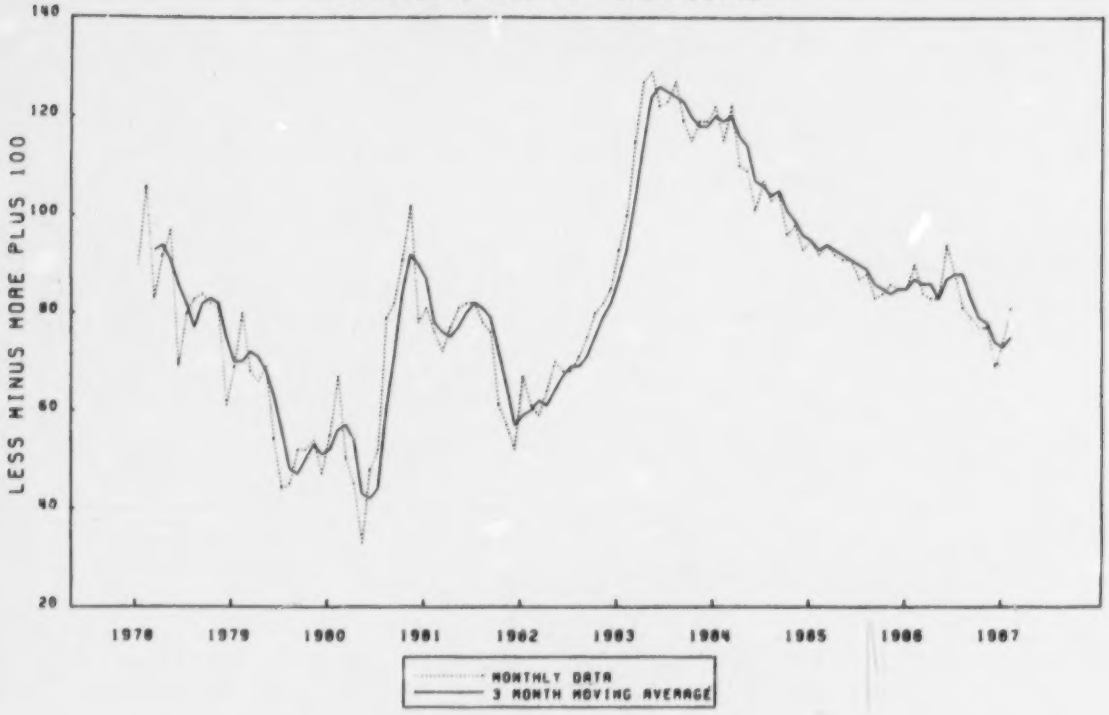


CHART 17 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

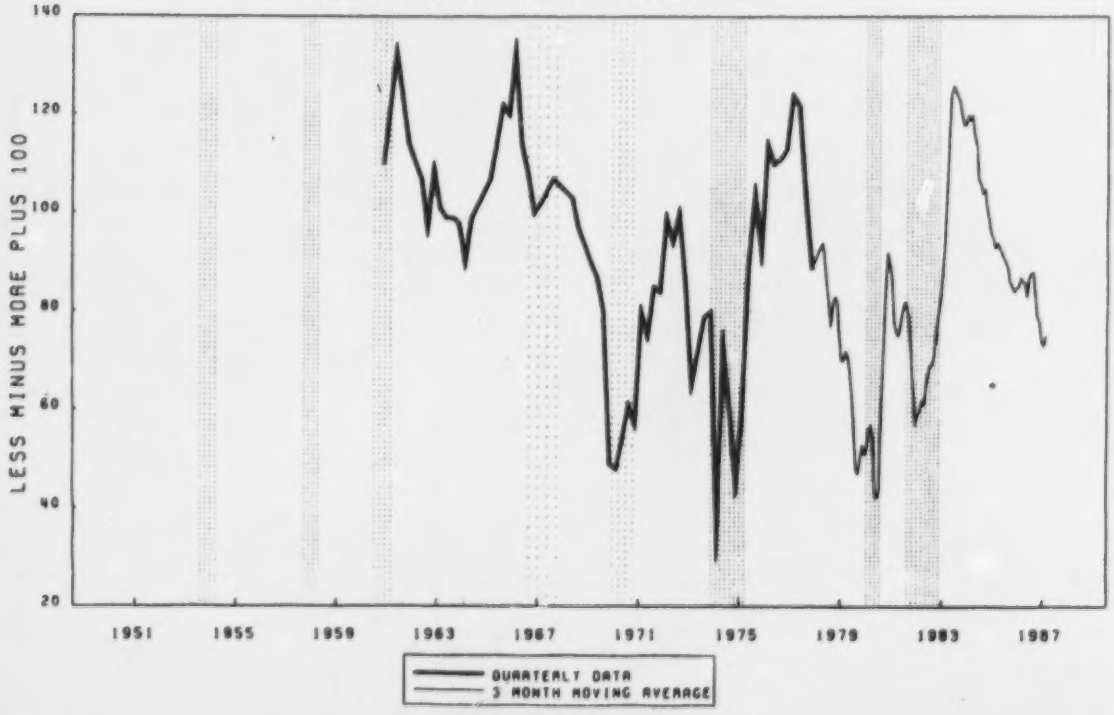


TABLE 17

EXPECTED CHANGE IN UNEMPLOYMENT

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
LESS	19%	17%	15%	14%	20%	15%	13%	11%	10%	11%	11%	12%	14%
SAME	51	48	51	54	53	56	54	54	55	54	46	49	52
MORE	29	33	32	31	26	27	32	32	33	34	42	38	33
DK,NA	1	2	2	1	1	2	1	3	2	1	1	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

CHART 18 - RECENT CHANGES
EXPECTED CHANGE IN INTEREST RATES

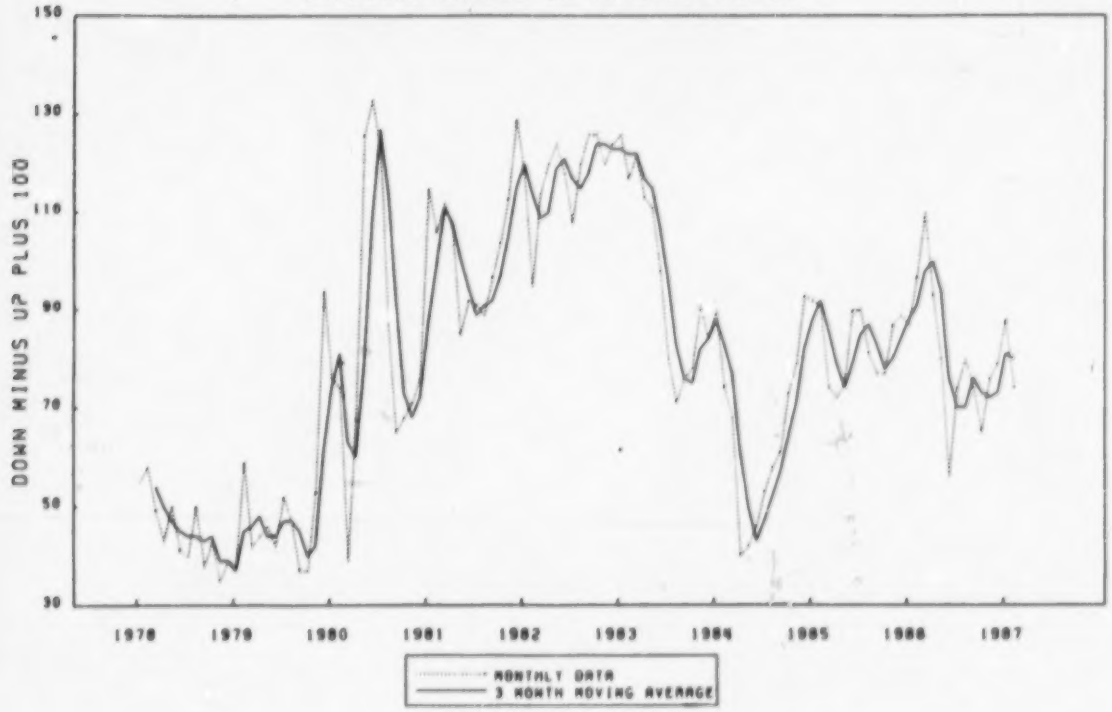


CHART 18 - HISTORICAL SERIES
EXPECTED CHANGE IN INTEREST RATES

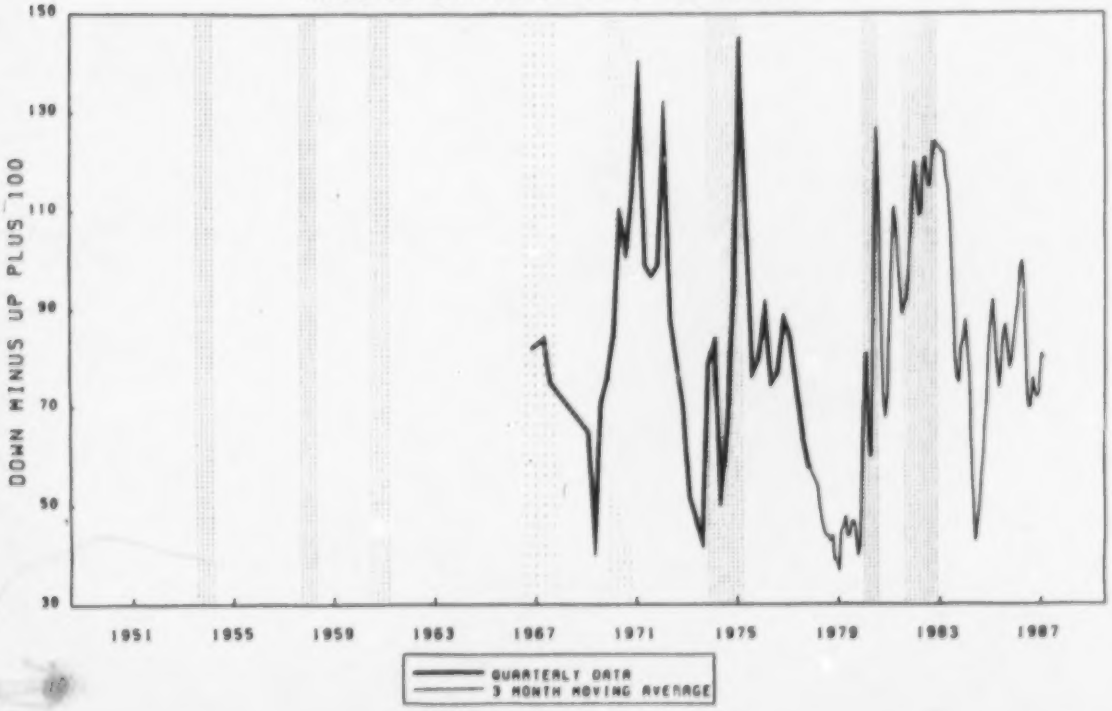


TABLE 18

EXPECTED CHANGE IN INTEREST RATES

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GO UP	30%	26%	35%	41%	54%	45%	42%	49%	50%	43%	41%	37%	43%
STAY THE SAME	40	35	34	35	34	35	34	26	33	37	37	35	38
GO DOWN	27	36	28	21	10	19	22	23	15	19	20	25	17
DK,NA	3	3	3	3	2	1	2	2	2	1	2	3	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 19 - RECENT CHANGES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

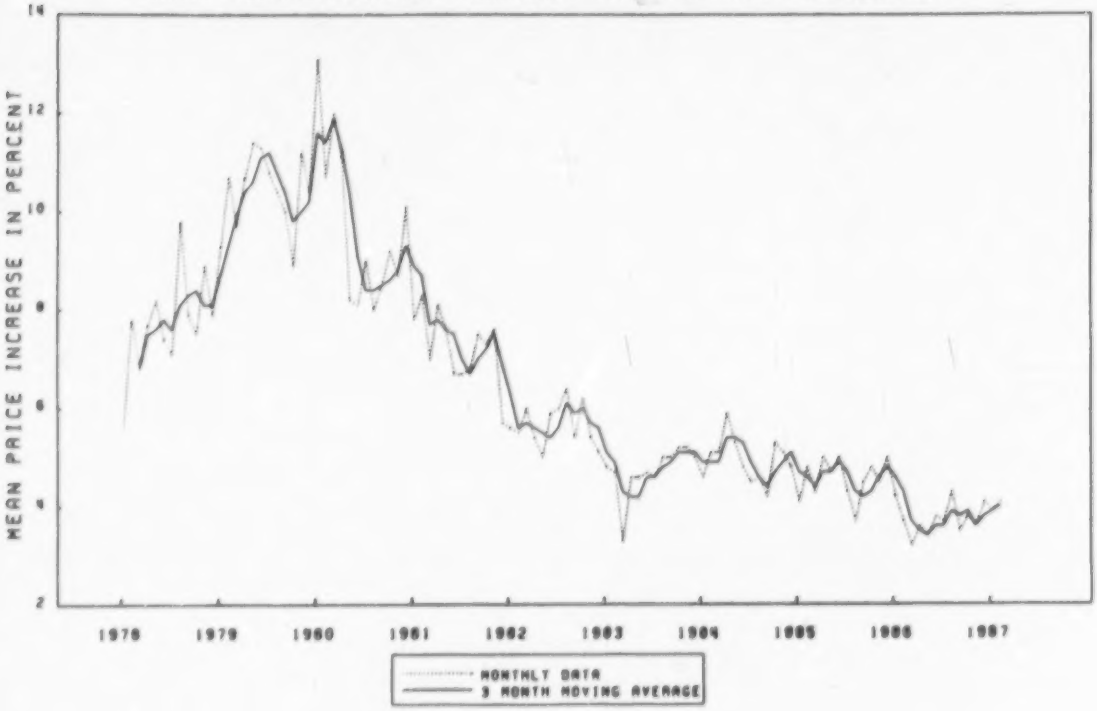


CHART 19 - HISTORICAL SERIES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

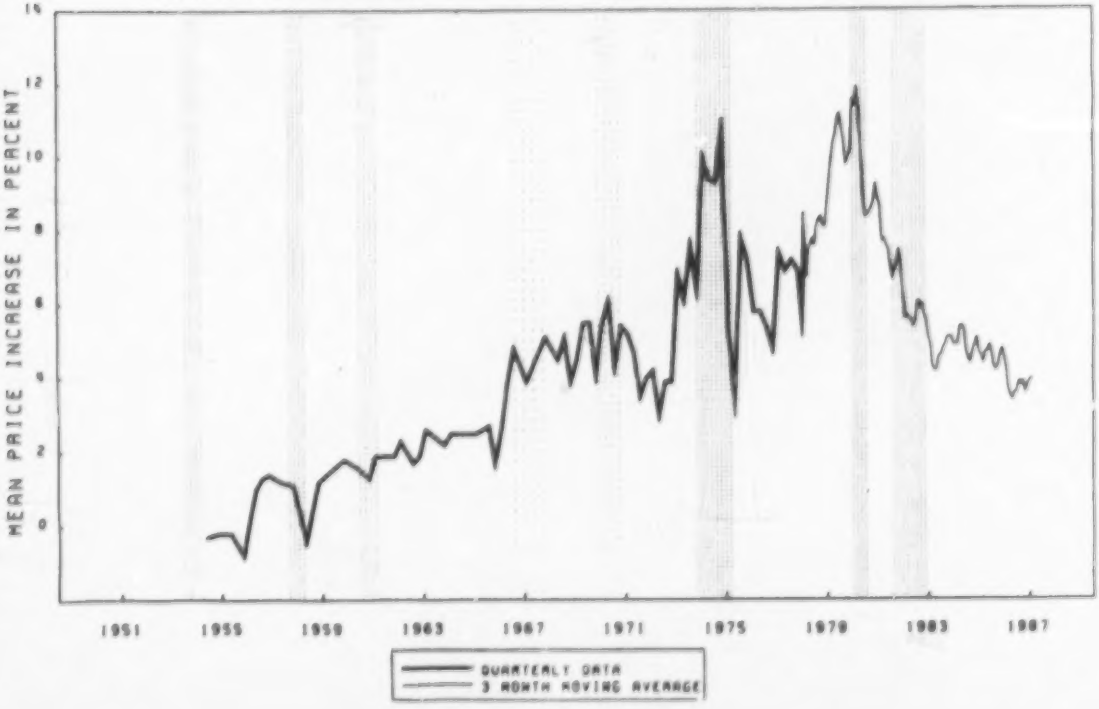


TABLE 19

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
SAME OR DOWN	28%	36%	35%	31%	22%	29%	21%	23%	22%	22%	20%	20%	21%
WILL GO UP BY:													
1-2%	16	13	15	13	20	13	18	18	17	19	18	18	17
3-4%	19	16	18	22	20	23	24	23	19	25	23	24	21
5%	17	15	11	14	16	16	14	16	21	15	17	14	18
6-9%	6	4	5	5	6	5	7	5	5	6	7	6	5
10-14%	5	6	7	6	6	5	8	5	8	7	6	7	9
15% or more	3	3	4	3	4	4	4	3	2	2	4	4	4
DK how much up	4	6	4	4	5	4	4	6	5	3	4	6	5
DK,NA	2	1	1	2	1	1	*	1	1	1	1	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	3.7	3.2	3.6	3.4	3.8	3.7	4.3	3.5	3.8	3.6	4.1	3.9	4.1
VARIANCE	38	39	42	27	23	32	38	18	17	28	32	25	26
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

* : Less than half of one percent.

CHART 20 - RECENT CHANGES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

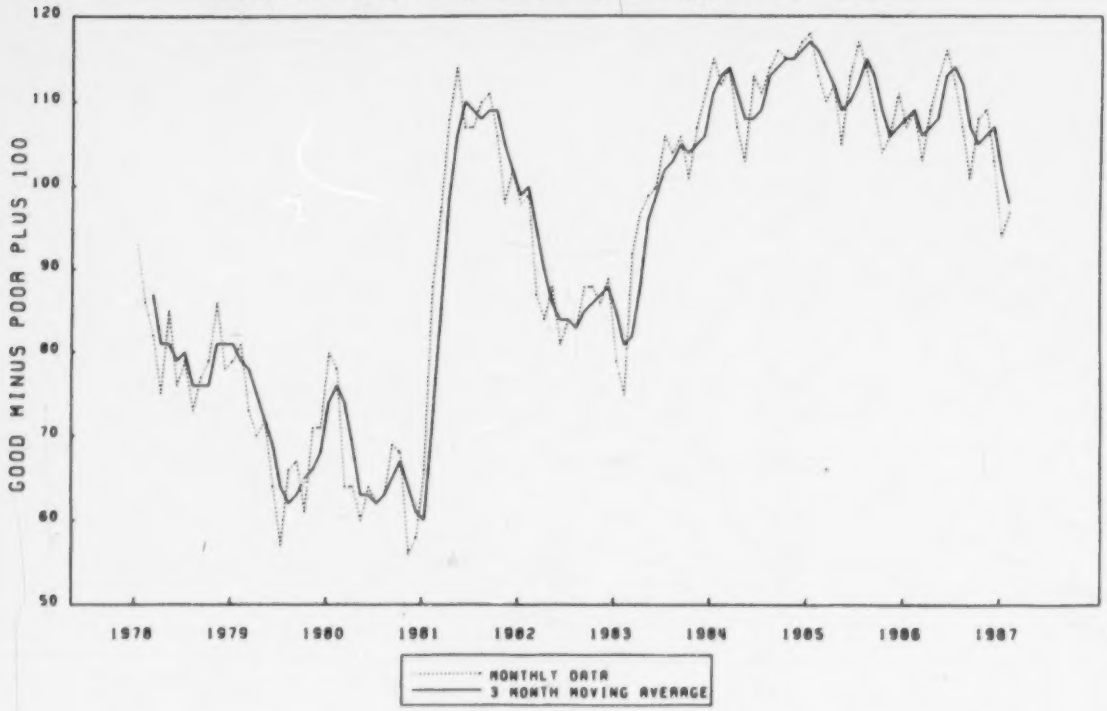


CHART 20 - HISTORICAL SERIES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

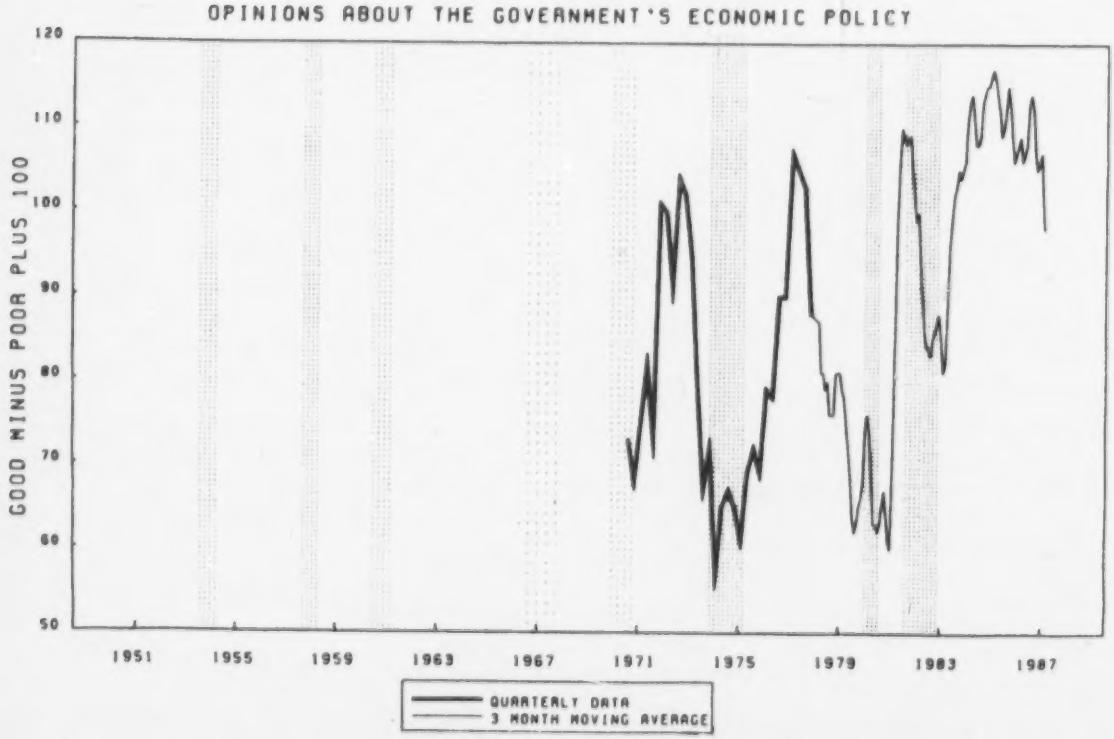


TABLE 20

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
A GOOD JOB	29%	25%	29%	30%	33%	29%	28%	22%	27%	28%	26%	20%	23%
ONLY FAIR	48	51	50	49	49	52	50	54	52	51	49	52	49
A POOR JOB	20	22	20	17	17	17	21	21	19	19	23	26	26
DK,NA	3	2	1	4	1	2	1	3	2	2	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 21 - RECENT CHANGES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

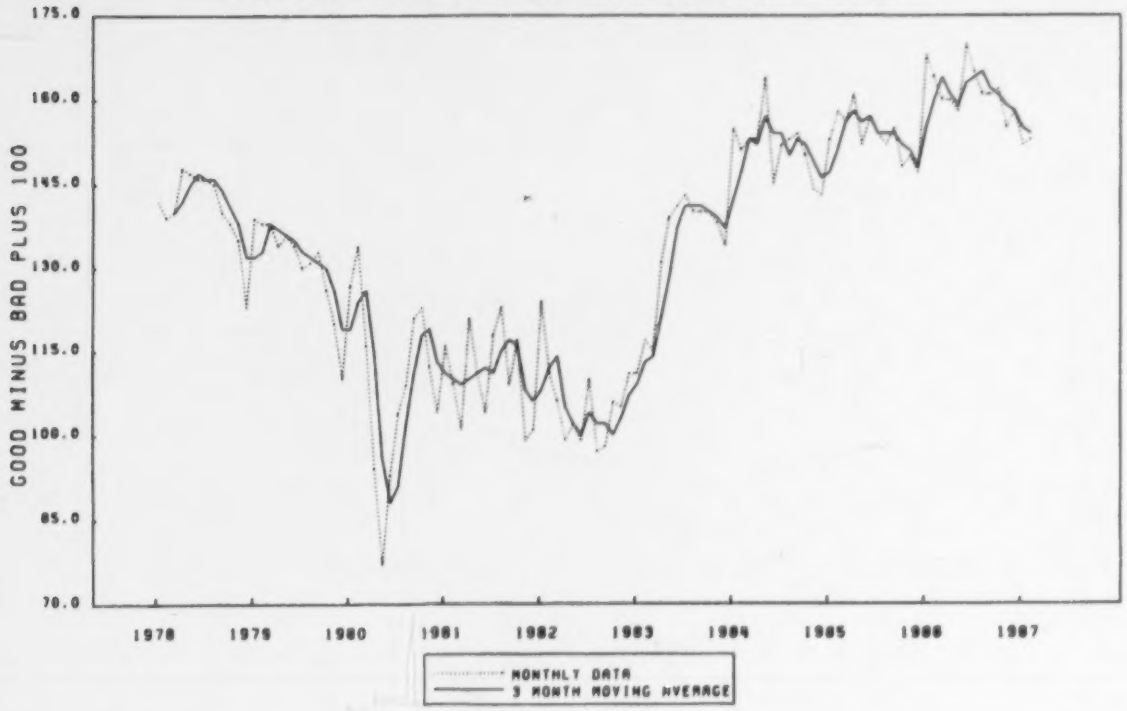


CHART 21 - HISTORICAL SERIES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

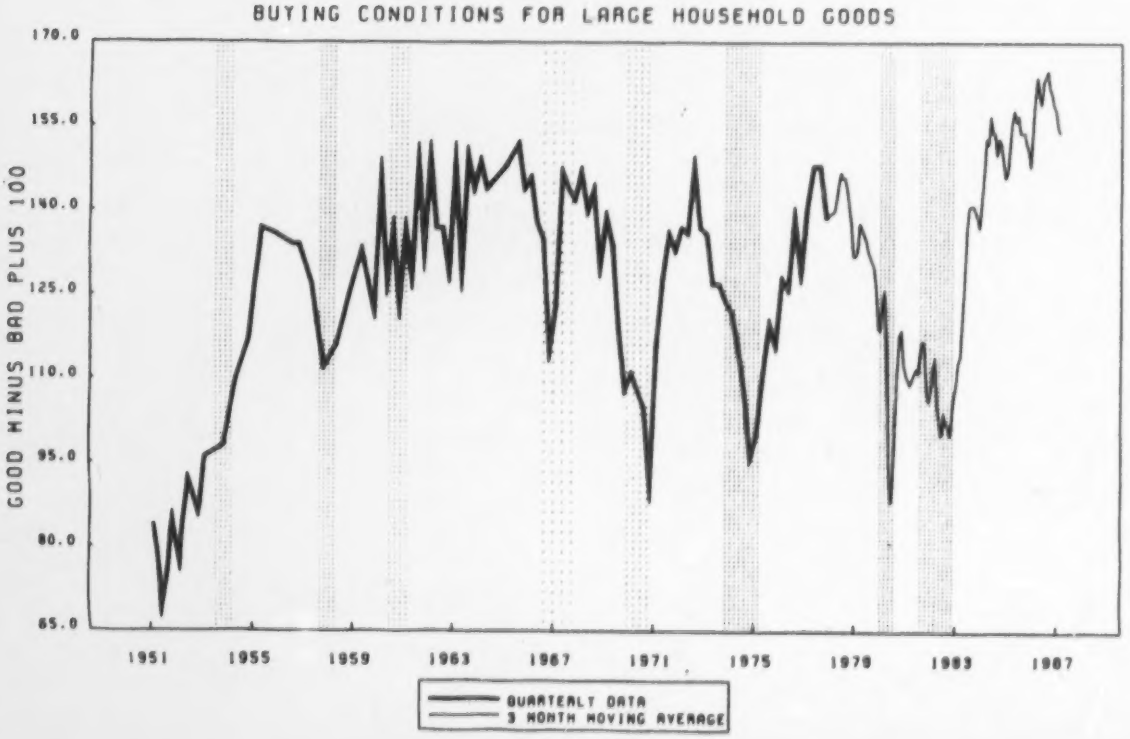


TABLE 21

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GOOD TIME TO BUY	78%	75%	75%	75%	81%	79%	77%	76%	76%	72%	75%	72%	73%
UNCERTAIN, DEPENDS	8	10	10	8	8	7	7	9	10	11	8	8	7
BAD TIME TO BUY	14	15	15	17	11	14	16	15	14	17	17	20	20
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

CHART 22A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

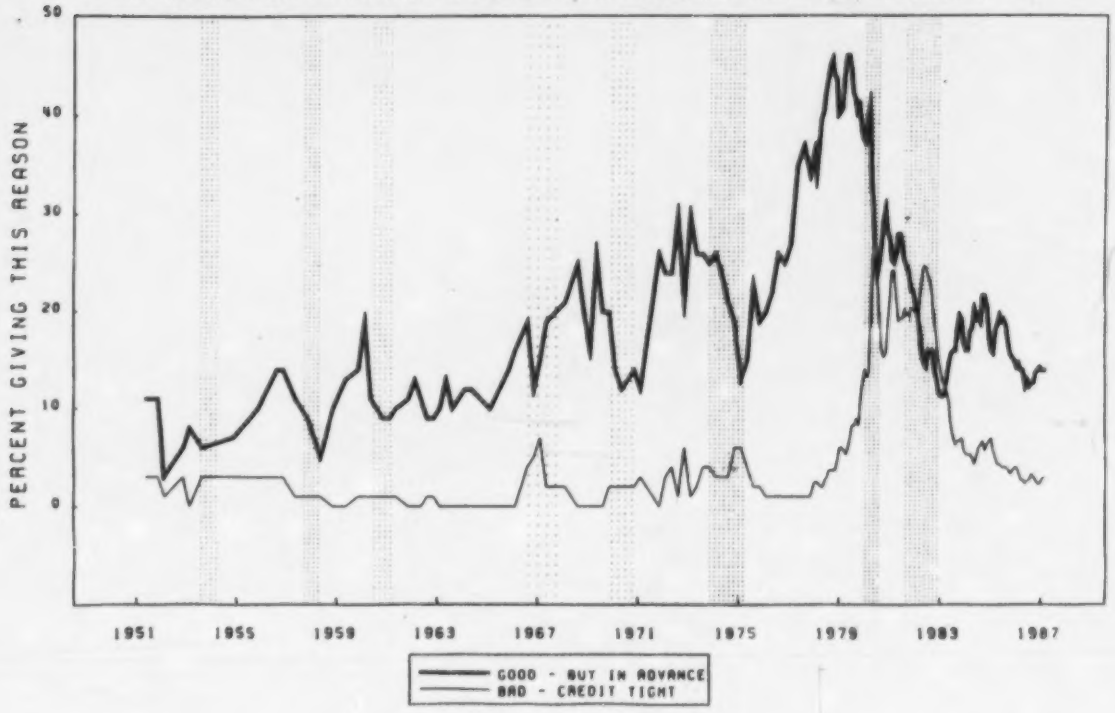


CHART 22B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR DURABLES

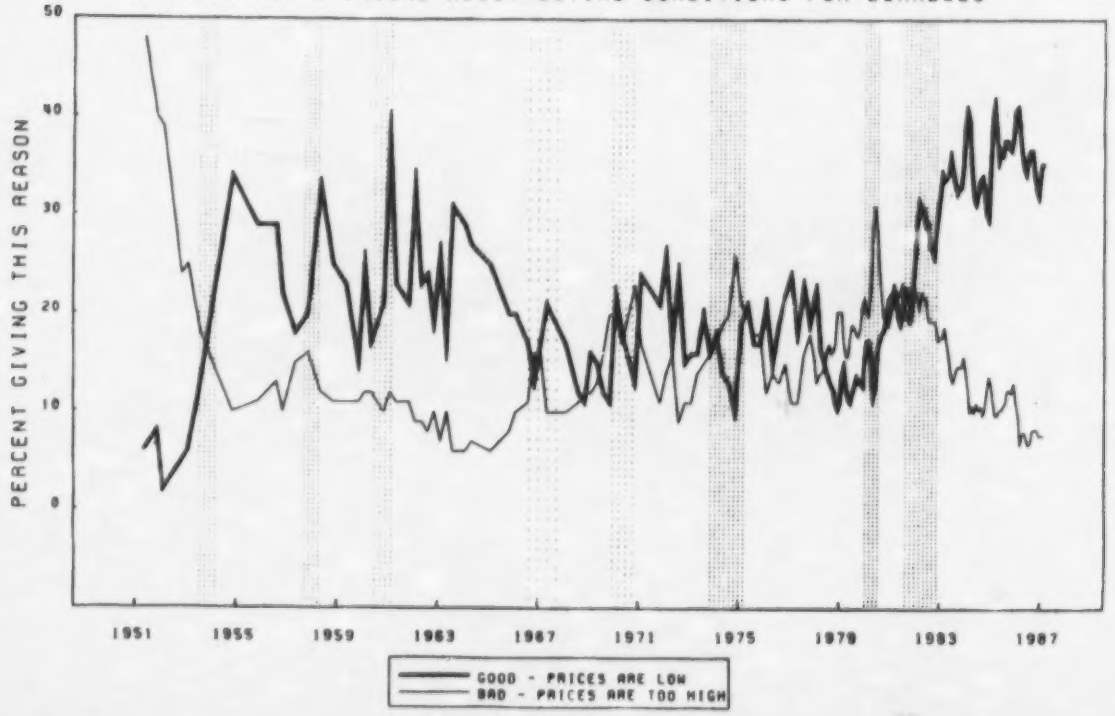


TABLE 22

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	38%	37%	35%	33%	35%	40%	35%	35%	33%	30%	33%	40%	33%
Prices won't come down; are going higher	17	12	13	12	14	11	13	14	14	14	15	13	14
Interest rates low; credit is easy	20	21	29	31	31	26	26	29	26	25	18	20	21
BAD TIME TO BUY:													
Prices are high	7	8	9	7	6	7	8	10	7	8	8	7	8
Interest rates are high; credit is tight	3	2	3	2	3	3	4	2	2	3	2	3	4
Lack of purchasing power	6	8	7	9	5	6	7	8	7	8	6	8	7

Responses to the query: "Why do you say so?" following the question on Table 21.

+ : May add to more than 100% due to multiple mentions.

CHART 23 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

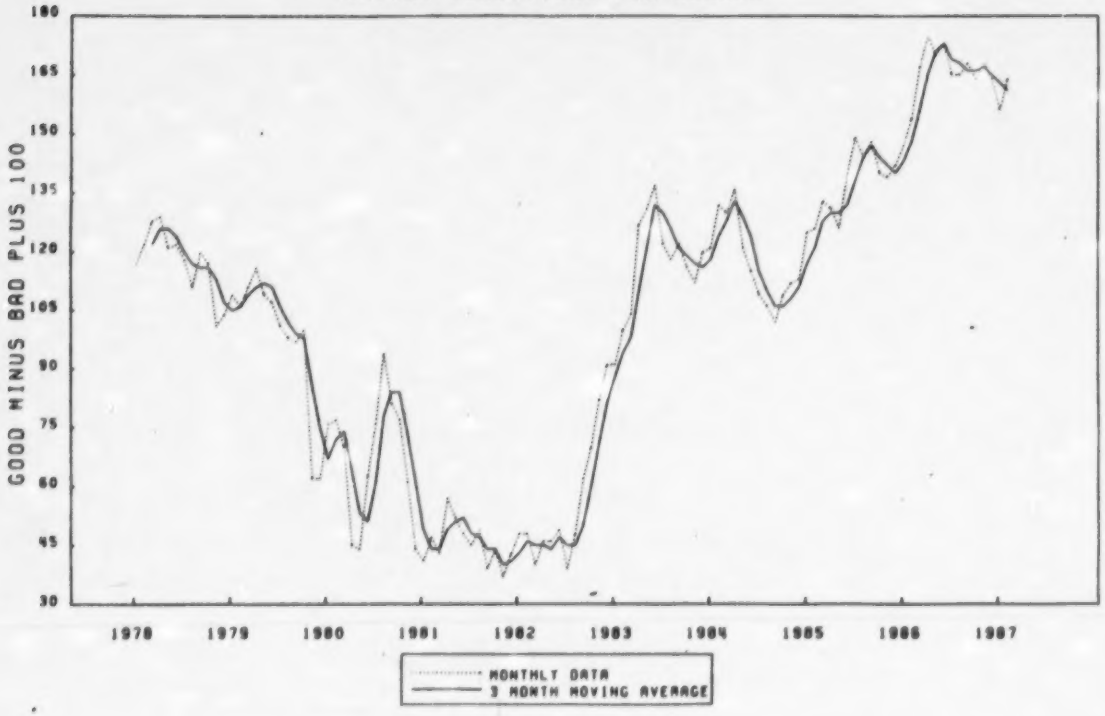


CHART 23 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

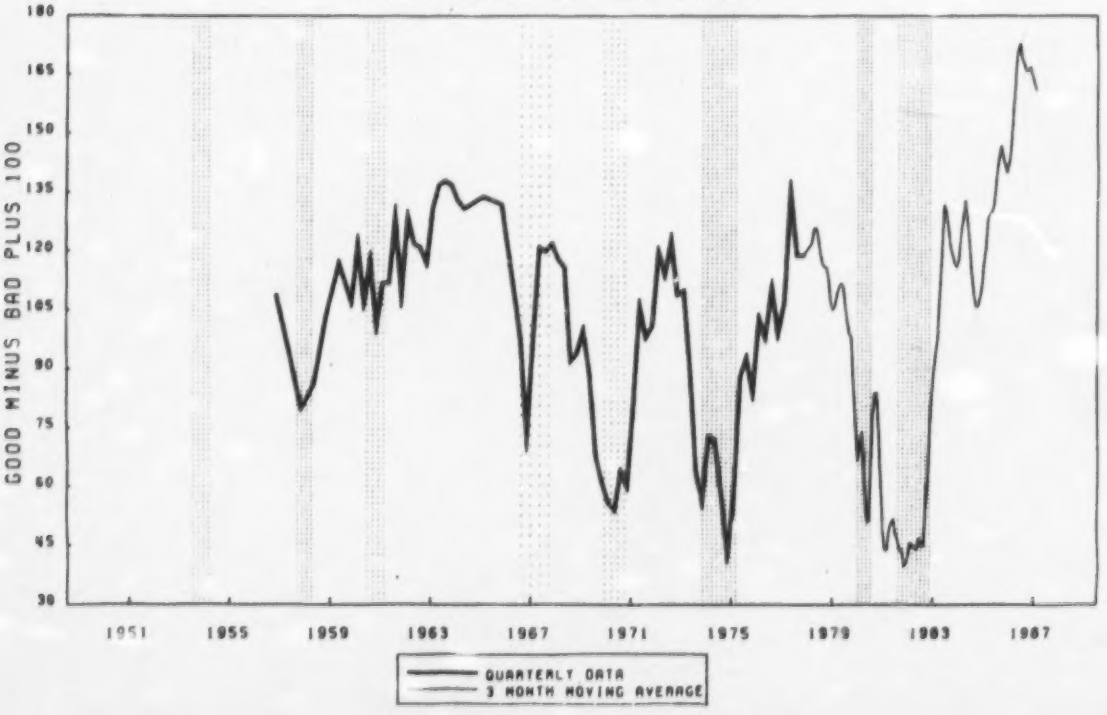


TABLE 23

BUYING CONDITIONS FOR HOUSES

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GOOD TIME TO BUY	76%	82%	86%	83%	86%	82%	81%	83%	81%	83%	80%	76%	81%
UNCERTAIN, DEPENDS	2	3	3	4	1	1	3	2	2	2	4	4	2
BAD TIME TO BUY	22	15	11	13	13	17	16	15	17	15	16	20	17
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

CHART 24A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

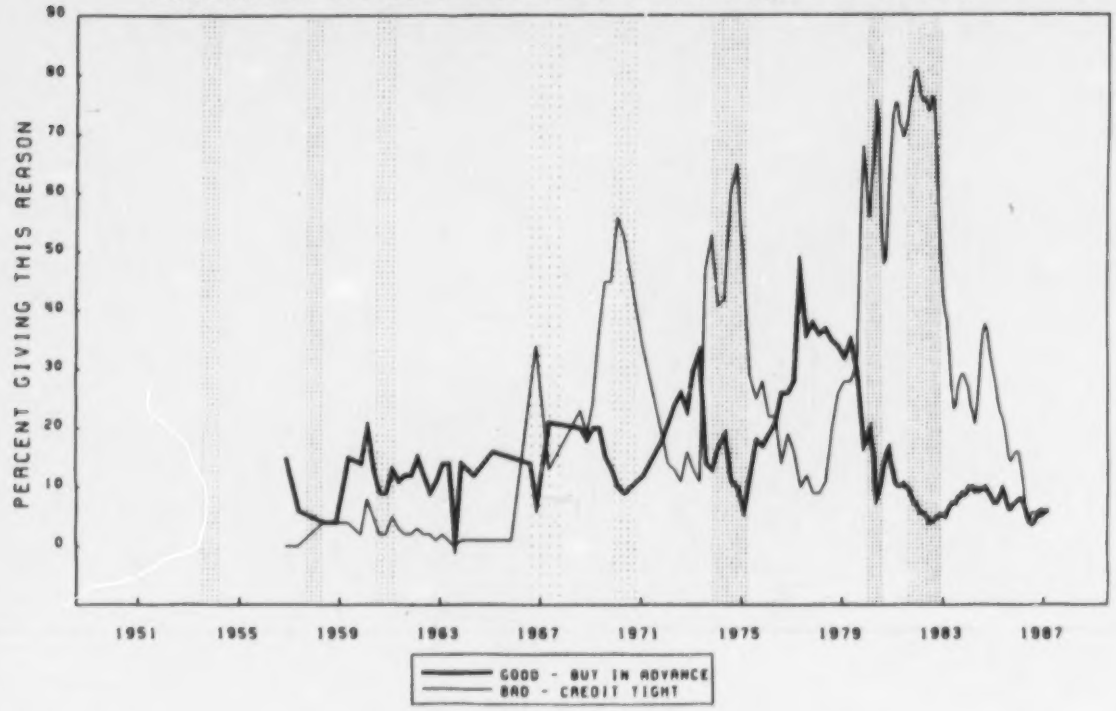


CHART 24B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

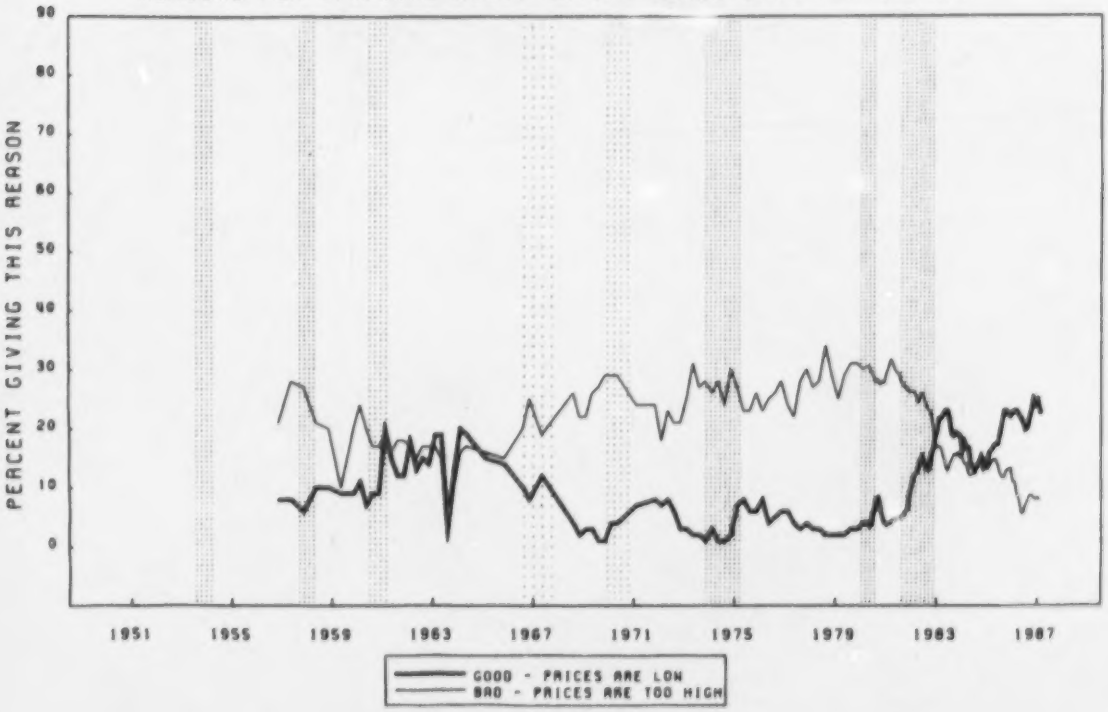


TABLE 24

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	22%	23%	22%	20%	21%	18%	21%	26%	22%	27%	23%	24%	21%
Prices won't come down; are going higher	8	6	5	3	4	4	4	6	6	6	6	5	7
Interest rates low; credit is easy	64	76	83	80	83	77	78	79	75	75	73	69	74
Good investment	4	5	3	3	3	5	3	5	6	5	6	6	3
BAD TIME TO BUY:													
Prices are high	12	6	5	6	6	9	8	9	9	7	8	10	6
Interest rates are high; credit is tight	11	5	4	5	5	7	5	5	5	5	5	7	6
Lack of purchasing power	8	8	6	6	6	7	8	6	8	8	7	9	8

Responses to the query: "Why do you say so?" following the question on Table 23.

+ : May add to more than 100% due to multiple mentions.

CHART 25 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

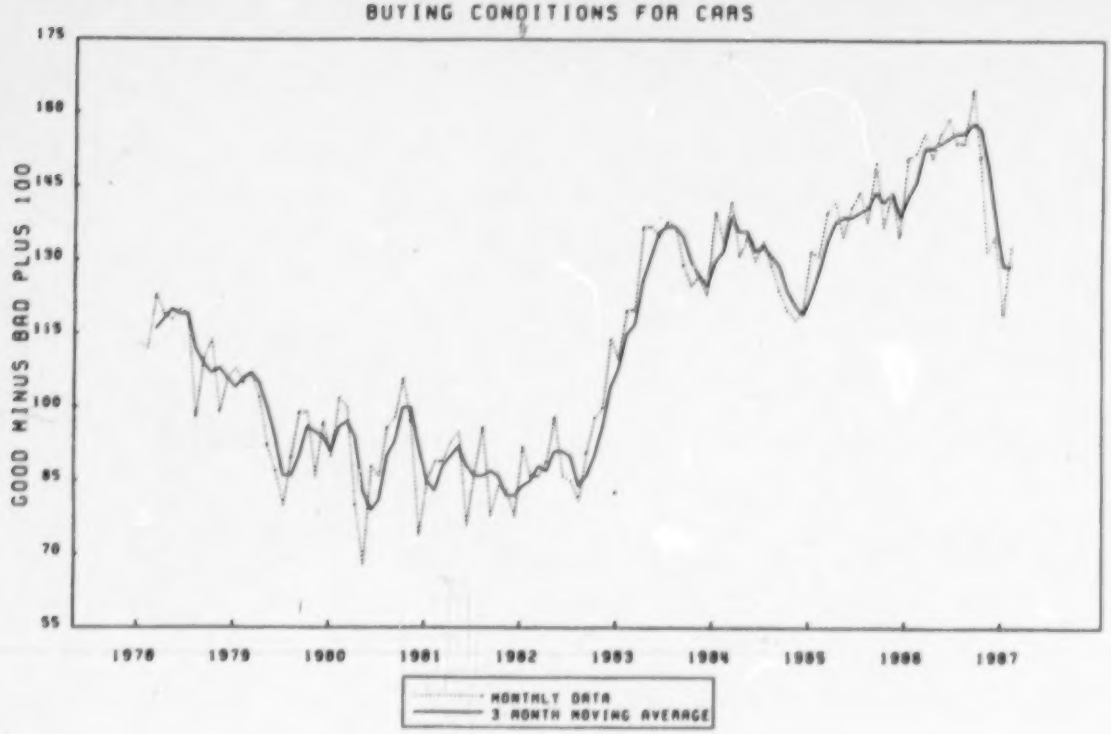


CHART 25 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

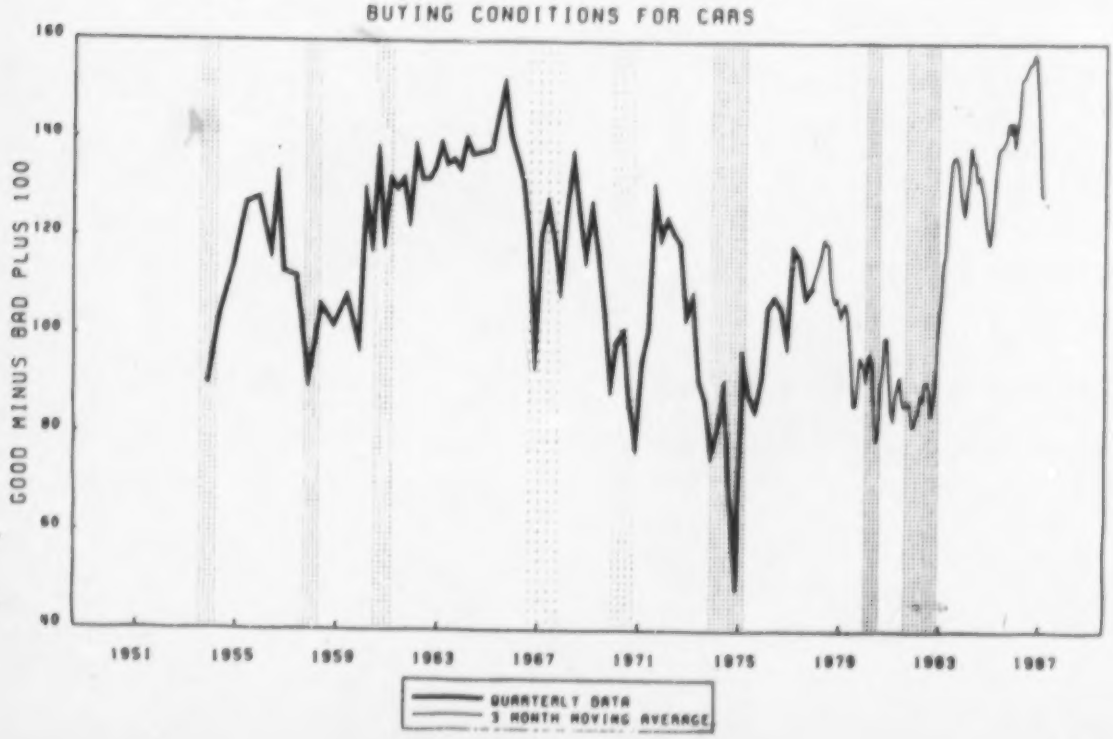


TABLE 25

BUYING CONDITIONS FOR CARS

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GOOD TIME TO BUY	73%	74%	73%	75%	77%	74%	73%	81%	72%	63%	64%	55%	62%
UNCERTAIN; DEPENDS	6	8	5	6	5	6	8	3	7	6	7	9	9
BAD TIME TO BUY	21	18	22	19	18	20	19	16	21	31	29	36	29
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	656	658	658	655	658	665	653	659	651	656	653	655	657

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

CHART 26A - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

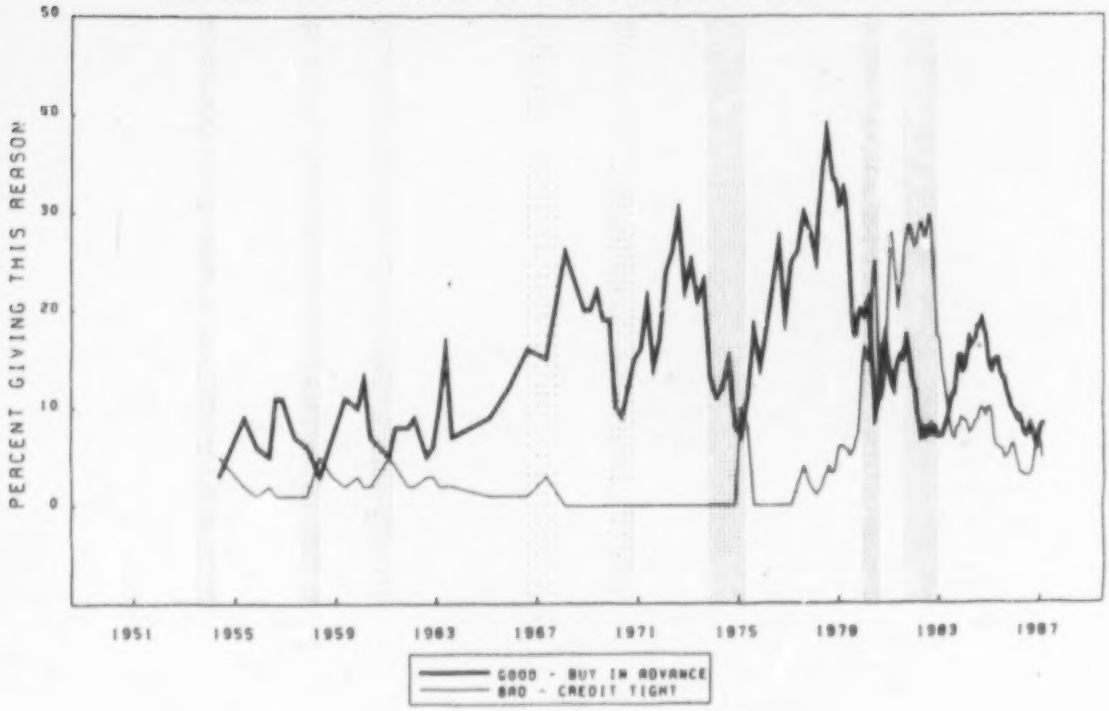


CHART 26B - HISTORICAL SERIES

REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

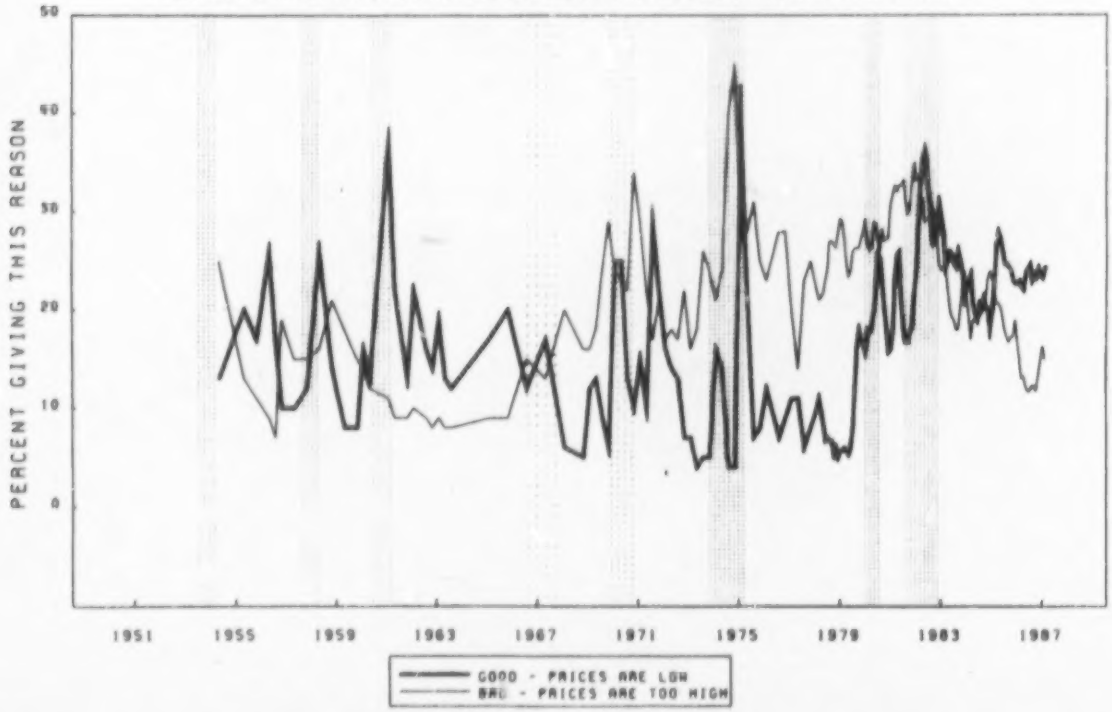


TABLE 26

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	Feb. 1986	Mar. 1986	Apr. 1986	May 1986	June 1986	July 1986	Aug. 1986	Sept 1986	Oct. 1986	Nov. 1986	Dec. 1986	Jan. 1987	Feb. 1987
GOOD TIME TO BUY:													
Prices are low; good buys available	22%	22%	22%	28%	23%	23%	23%	25%	22%	26%	23%	21%	29%
Prices won't come down; are going higher	9	9	7	6	8	8	9	6	5	7	9	8	8
Interest rates low; credit is easy	53	54	54	58	62	53	52	73	58	43	45	34	38
New fuel efficient models	1	*	1	*	*	1	*	*	*	*	*	1	*
BAD TIME TO BUY:													
Prices are high	13	13	14	10	11	14	12	11	12	17	15	17	13
Interest rates are high; credit is tight	4	3	3	3	3	3	3	4	8	9	4	6	4
Lack of purchasing power	5	4	6	6	4	5	5	2	2	4	4	6	6
Price of gas; shortages	*	*	*	*	*	*	*	*	*	*	*	*	*
Poor selection; quality	2	3	2	2	2	3	1	1	1	2	2	2	2

Responses to the query: "Why do you say so?" following the question on Table 25.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

EXPLANATORY CHARTS

CHART 1 - RECENT CHANGES

THE INDEX OF CONSUMER SENTIMENT

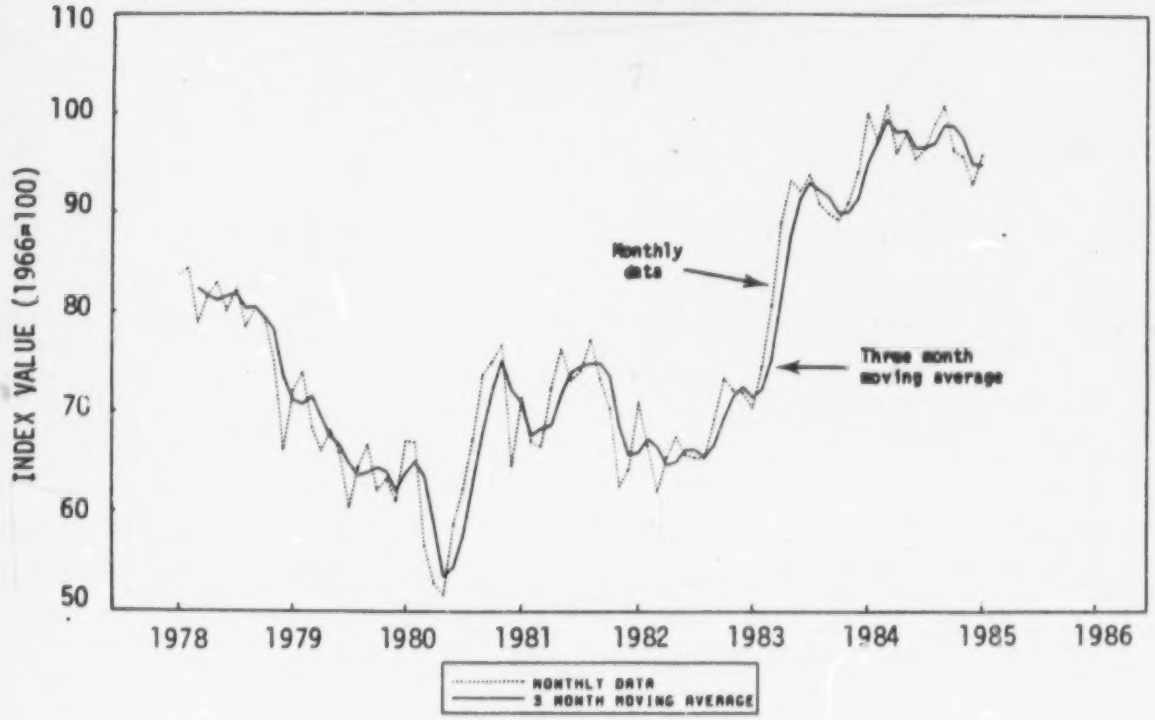
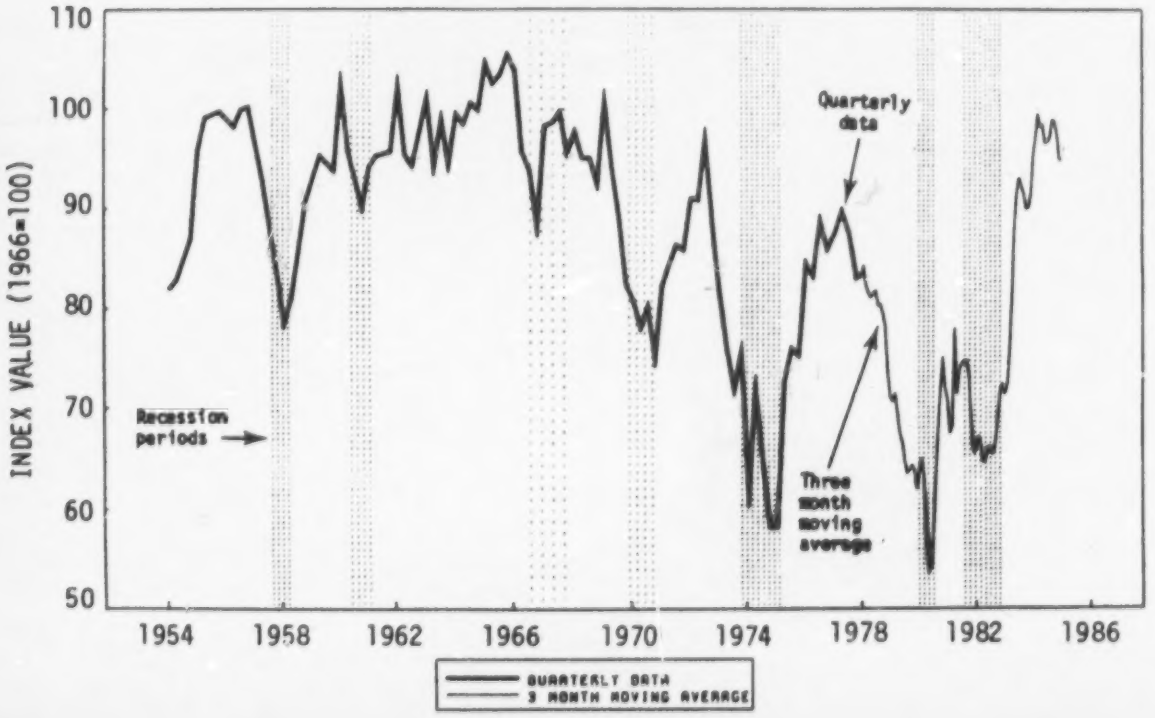


CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT



DESCRIPTION OF CHART LINES

QUARTERLY DATA: Data collected by surveys conducted at three-month intervals before 1978.

MONTHLY DATA: Data collected by surveys conducted each month since January of 1978.

THREE-MONTH MOVING AVERAGE: Each point plotted represents the average of the three monthly observations ending at the date plotted.

TIME SCALE LABELS

Each tic mark on the time scale represents the month of January for the indicated year.

NATIONAL BUREAU OF ECONOMIC RESEARCH, REFERENCE DATES FOR RECESSIONS

DATES:	November	1948	- October	1949
	July	1953	- May	1954
	August	1957	- April	1958
	April	1960	- February	1961
	June	1966	- November	1967*
	December	1969	- November	1970
	November	1973	- March	1975
	January	1980	- July	1980
	July	1981	- November	1982

Notes:

RECESSION PERIOD: Reduction in the national output of goods and services, generally lasting at least two quarters.

*GROWTH RECESSION: Retardation in the rate of growth of output and employment (usually followed by a recession and always the initial stage of a recession).

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported Percentages	Number of Interviews		
	700[b]	1,400[c]	2,100[d]
50	4.2	3.2	2.8
30 or 70	3.8	2.9	2.5
20 or 80	3.4	2.6	2.2
10 or 90	2.5	1.9	1.6
5 or 95	1.8	1.4	1.2

[a]The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

[b]Average size of monthly surveys.

[c]Average size of two monthly surveys.

[d]Average size of three monthly surveys (one quarter).